

FINANCIAL TIMES

Weekend FT
Betjeman's better
class of holiday



Wacky Westwood
meets classic Dior



Long delays at
air traffic control



SECTION II

World Business Newspaper http://www.ft.com WEEKEND AUGUST 17/AUGUST 18 1997

Alan Bond faces
jail again after
fraud conviction

Australian magnate Alan Bond, who built and lost an international brewing, media and property empire - is facing a second period in jail after being found guilty of company fraud over the purchase and resale of 'La Promenade', the French impressionist painting by Eduard Manet. Page 24

Release of De Lorean files ordered: A US court has ordered that confidential UK government documents, including cabinet minutes, relating to the failed De Lorean sports car venture should be opened to public scrutiny. Page 4

Mixed praise for Dole speech: Republican presidential nominee Bob Dole tried to portray his party as kinder and more inclusive in an acceptance speech that earned lukewarm praise from delegates at the San Diego convention. Page 24; New enthusiasm, Page 8

London stocks jump to new records

The FT-SE 100 index ended the week with both an all-time intraday high of 3,573.1 points and a new closing record of 3,572.9, a gain of 35.5 over Thursday's close. London stocks were boosted by a combination of favourable economic data, the expiry of August index options and an encouraging start on Wall Street. The FT-SE 100 has risen by 240 points since July 16 and by 62 points this week. Page 21; World stocks, Page 18; Lex, Page 24; Markets, Weekend Page XVIII

Lloyd's of London chief executive Ron Sandler has flown to Virginia to give evidence in a US federal court case which poses a significant threat to the insurance market's £3.2bn (\$4.9bn) recovery plan. Takeover activity continues. Page 6

Saab Automobile, the Swedish carmaker managed and half-owned by General Motors of the US, reported first-half losses of SKr422m (\$64.5m) and warned that earnings would be hit by high marketing and product development costs throughout 1996 and 1997. Page 6

Subarto rejects calls for change: Indonesia's President Suharto dismissed calls for change in a country's political structure after recent riots by supporters of ousted opposition leader Megawati Sukarnoputri, and warned of a lurking communist threat. Page 3

British Aerospace and French defence and media company, Lagardere Group, confirmed they have merged their missile operations to create Europe's largest guided weapons company with a turnover of £1bn (\$1.56bn). Page 5

Former Indian minister's house raided: India's federal police agency said it raided two homes of former communications minister Sukh Ram, charged with offering favours to an Indian telecommunications firm, and seized Rs30m (\$940,000) in cash. Page 3

Thousands at Cyprus funeral: Thousands of Greek Cypriots attended the funeral of Solomon Solomon, who was shot by Turkish Cypriot soldiers as he tried to pull down a Turkish flag in the UN-patrolled buffer zone separating the two communities in Cyprus. Page 2

Australia may sell uranium to Taiwan: Australia's conservative government said it was considering selling uranium to Taiwan, risking a strain in relations with Beijing ahead of the visit of Australian foreign minister Alexander Downer to China next week. Page 3

End of the road for Calcutta's rickshaws: A symbol of the teeming Indian city of Calcutta - the rickshaw - will be barred from its jammed streets at the end of the year to help speed traffic flow, West Bengal state officials said.

FT.com the FT web site provides online news, comment and analysis at http://www.ft.com

Companies in this issue

Table listing various companies and their stock prices, including Airtrics, Anagapa Resources, Acton, BAA, BASF, London Scottish Bank, etc.

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Lebed calls
for interior
minister to
be sacked

By John Thornhill in Moscow

Mr Alexander Lebed, Russia's national security adviser, yesterday blamed the country's interior minister for allowing the conflict in Chechnya to get out of control and in effect demanded that President Boris Yeltsin sack him. It was the latest in a series of public personal attacks by Mr Lebed on the competence of senior Russian politicians which is beginning to tarnish the credibility of Mr Yeltsin's entire administration. Mr Lebed told a press conference that General Anatoly Kulikov, who was only confirmed as interior minister on Thursday, had 'failed in discharging his duty to Russia'. 'It is my profound conviction that he can no longer stay in his ministerial post,' Mr Lebed said. 'Only one person can remain in our system, either Lebed or Kulikov.' Gen Kulikov denied Mr Lebed's accusation and said he would appeal to Mr Yeltsin for his adjudication. Mr Lebed said he had already discussed the issue with Mr Yeltsin. Mr Lebed appears to enjoy Mr Yeltsin's strong backing. Earlier this week, the Russian president strengthened the powers of the Security Council, which Mr Lebed has chaired since June, giving him the authority to co-ordinate every aspect of Russian policy towards Chechnya. Mr Lebed has visited Chechnya twice this week in an attempt to reach a peace settlement. He appears to command more respect among the rebel Chechen leadership than any other Russian politician and probably represents Mr Yeltsin's best hope of resolving the 20-month conflict, which has cost more than 30,000 lives. Mr Zelinkhan Yandarbiyev, the Chechen leader who held talks with Mr Lebed on Thursday, said the rebels were prepared to meet Russia on the road to peace. 'Lebed has every chance of bringing peace to Chechnya and to the whole north Caucasus,' Mr Yandarbiyev said, according to the Interfax news agency. But a temporary ceasefire agreed this week appears shaky and sporadic fighting was again reported yesterday in different Chechnya regions. Mr Lebed painted a fearful picture of the damage that the Chechen conflict had inflicted on the civilian population, the Russian armed forces and the nation's prestige in the world and said Russia could never win the conflict without even worse carnage. He said there was no wisdom when Russia fought in Afghanistan 'and there is no wisdom now'. Some observers suggested Mr Lebed's attack on Gen Kulikov might be designed to salvage the army's reputation and win support from its generals. There has long been antagonism between the regular army and the interior ministry troops in Chechnya. Gen Kulikov has been widely blamed for failing to anticipate the separatist raid on Grozny last Tuesday allowing hundreds of rebels to infiltrate the regional capital. Man in the News, Page 9



Alexander Lebed (left) held talks with the Chechen separatist leader Zelinkhan Yandarbiyev and other rebels before denouncing the grim conditions he had seen in the breakaway region. Picture AP

Cola war
hots up in
Venezuela
as Pepsi
loses plant

By Roderick Oram in London

An unprecedented defection in the global cola wars yesterday saw 4,000 blue Pepsi-Cola delivery trucks turn to Coca-Cola red in Venezuela and a network of 18 bottling plants switch from producing Pepsi to Coke. With military stealth and to the complete surprise of Pepsi, Cisneros, one of Venezuela's most powerful family businesses, severed overnight its 30-year relationship with Pepsi during which it built up a 45 per cent market share for the US soft drink against 10 per cent for Coke. Losing the Venezuelan bottler is a damaging blow to Pepsi. It is one of only a handful of countries where Pepsi heavily outsells Coke. Only Pepsi's market share in Thailand and several Middle East countries can compare with its Venezuelan dominance. Cisneros officials broke the news to Pepsi executives yesterday at their suburban New York headquarters. Pepsi-Cola immediately attacked the sale as 'illegal in several respects' and said it would 'exhaust all legal remedies in Venezuela and the US'. Pepsi's lack of resources appeared to be the trigger for Cisneros' switch to Coke. Cisneros told Pepsi it wanted to modernise and broaden the geographic scope of its business. Rebuffed by Pepsi, Cisneros approached Coca-Cola which swiftly agreed to a joint venture. The venture will invest \$500m in Venezuela over the next five years before looking at neighbouring markets. Under the deal, Cisneros will contribute the bulk of the venture's assets but will receive cash from Coca-Cola. Cisneros would like to become an 'anchor bottler'

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Continued on Page 24

Taiwan group suspends \$3bn China plan

By Laura Tyson in Taipei

Formosa Plastics, the Taiwanese petrochemicals group, yesterday suspended plans to build a \$3bn thermal power plant in China's Fujian province pending a policy review by the Taipei government. The move came after President Lee Teng-hui called for new guidelines on China investment, which he said hurt investment at home and damaged Taiwan's international competitiveness. He also said too much attention was being placed on restoring direct cross-strait shipping and air links. 'We have to review the idea of using mainland China as a main market in our Asia-Pacific centre project,' Mr Lee told the National Assembly. His remarks, which went against a trend of increasing co-operation between Beijing and Taipei, startled the island's financial markets. Senior ruling party officials moved quickly to play down Mr Lee's comments, saying he meant only that businesses should seek to diversify investments, not that Taiwan had reversed its policy. Mr Wang Yung-ching, chairman of Formosa Plastics, signed an agreement in May with Fujian authorities to build the thermal power plant before seeking approval from the Taiwan government. This is not the first time Mr Wang has become embroiled in a conflict with the government over a controversial investment plan. In the early 1990s, Formosa cancelled a \$60m plan to build a petrochemical complex in Fujian after years of tussling with the government. Formosa transferred the project to Taiwan, but recently complained that construction of the plant - now estimated to cost \$10bn - was proceeding too slowly because of government and environmental obstacles. Some 30,000 Taiwanese businesses have invested \$24bn in China since the late 1980s, when ties between Taipei and Beijing began to thaw for the first time since a 1949 split. But China continues to regard Taiwan as a renegade province and threatens to recover the island by force if it seeks independence. Taiwan and China have been rivals since the civil war, which ended in 1949, with the Nationalist Chinese administration fleeing to the island. Until the 1980s, Taipei had maintained a strict policy of no contact with Beijing, but restrictions have since gradually eased.

Government to review investment with mainland

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'Elvis-holic' seeking UK
home for the king's jewels

By Clay Harris in London

If it was worth £2.04m (\$3.1m) to the National Galleries of Scotland to save a 17th-century Italian painting from export to California, what price should Britain put on the white shell necklace Elvis Presley wore on his last vacation? While Scotland was yesterday celebrating the last-minute salvation of Guercino's 'Erminia Finding the Wounded Tancred', Mr Vince Everett was in London pleading for a benefactor to step forward to give a permanent British home to another manifestation of imported culture. Mr Everett, who changed his name by deed poll to that of the character Presley played in Jailhouse Rock, claims that his 3,000-piece collection of Elvis memorabilia is the largest in private hands apart from that at the Graceland mansion in Memphis where the star lived. A self-described honky-tonk singer, 61-year-old Mr Everett says he can no longer afford to take care of the collection, which is scattered around bank vaults, storage sheds and his lock-up shop. He wants a 5,000 sq ft permanent building or travelling exhibition to display items which range from Elvis's 4 1/2 ounce solid gold bracelet to the electronic gate opener from Graceland. Born in the same month as his hero, Mr Everett has been collecting Elvis items for 40 years. His fellow Presley promoter, Mr Sid Shaw, owner of the Elvisly Yours shop in London, said yesterday of Mr Everett: 'He's a walking, talking computer on Elvis - he's an Elvis-holic.' Dressed in a silver lamé jacket, Mr Everett was short of specifics about the value of his collection or the source of offers for it from Japan or the US, although he hinted that a Nevada casino had expressed interest. A small proportion of the collection was insured for \$225,000 when it went to Japan last year for display in a Mitsubishi department store. On that trip, Mr Shaw said, his

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Table with columns for Stock Market Indices (FT-SE 100, FT-SE 1000, etc.), US LUNCHTIME RATES, NORTH SEA OIL, LONDON MONEY, and GOLD prices.

Table with columns for Contents: News, International News, UK News, Weather, etc.

Advertisement for TWM Microwave, lawn mowers, computers, etc. with contact information and a form for customer details.

صكناحت الأصل

NEWS: INTERNATIONAL

Sarajevans eye the friendly invaders

By Laura Silber recently in Sarajevo

thousands of soldiers with the Nato-led peace force...

company. In any case, finding a job at all is difficult...

little about Bosnia, believing that it as country torn by ancient ethnic hatreds...

former student who now drives a taxi to earn a living...

Zijo, who sells tasty cevapi, cici, grilled minced-lamb in pita bread...

Germany, France to discuss military transport

By Michael Lindemann in Bonn and Andrew Jack in Paris

Germany is likely to step up pressure on France tomorrow - at a meeting of the two countries' defence ministers...

Mr Charles Millon, France's defence minister, and Mr Volker Rühse, Germany's defence minister...

Although a final decision about the NH90 and other projects is not expected until the biannual Franco-German summit in the autumn...

Housing starts show fall in US

Construction starts on new homes and apartments in the US dropped for a third straight month in July...

Total starts dropped 1.3 per cent to a seasonally adjusted annual rate of 1.46m in July...

Media spotlight focuses on Bossi

With a loud mouth, provocative humour and an astute sense of theatre...

Because she opposed his secessionist posturing and sought to capture the moderate in the League...

To keep up the momentum in a dead mid-August, Mr Bossi produced a "secret" document...

Mr Bossi over L200m (\$132,000) of funds illegally given to the League...

opposition. Mr Bossi has to retain the League's visibility and prepare for when either the government coalition or the alliance of rightwing opposition parties breaks up...



Umberto Bossi: television and newspapers seem to have concluded that he could not be ignored

Finland ponders ERM as first step to Emu

By Greg Melvor in Stockholm

Finland said yesterday it was considering whether to join the European exchange rate mechanism as a preliminary to participation in a single currency...

The National Association of Home Builders said recently its housing market index fell for a third straight month in August...

Cyprus funeral prompts restraint call

By Karin Hope in Paralimni, Cyprus

Several thousand Greek Cypriots yesterday attended the funeral of Solomon Solomon, a 96-year-old carpenter...

The village of Paralimni by Greek Cypriot police. The village church was decorated with a banner saying "freedom or death"...

Hutus plan Burundi resistance

The leader of Burundi's ousted Hutu majority party has set up camp in neighbouring Tanzania...

Mr Jean Minani, chairman of the main Hutu Frodehu party, said proposals for an East African military intervention in Burundi were still valid...

UN officials and regional African authorities meanwhile are studying plans to establish an aid corridor into Burundi...

Liberia election hope

West African foreign ministers and Liberian warlords have agreed on a new outline of peace for the country...

Under that agreement, the Liberian factions should now have been disarming and elections should be held next week...

Mr Sisiaku said at a ceremony after approving a list of new cabinet members. "We have very important tasks ahead of us."

INTERNATIONAL NEWS DIGEST

Australia gas pipeline move

The Western Australian state government yesterday announced that it was establishing a steering committee to assist on the likely privatisation of the 1,600km pipeline...

Dutch retail sales up 2.9%

The strong domestic economy helped Dutch retail sales rise 2.9 per cent and industrial sales 1 per cent in the first half of the year compared with the same period of 1995...

Cavallo to advise Ecuador

Mr Domingo Cavallo, Argentina's former economics minister, is to advise Ecuador's new government, which took office last Saturday...

Khmer Rouge splits

Cambodia's Khmer Rouge guerrilla organisation has split, with the former number two in the group calling for an end to the fighting...

France may deport Africans

About 300 Africans were preparing yesterday for eviction from a church in central Paris amid growing signs that the French government planned to deport them...

Hutus plan Burundi resistance

The leader of Burundi's ousted Hutu majority party has set up camp in neighbouring Tanzania, saying his party is considering plans for a government-in-exile to resist the Tutsi military junta...

Liberia election hope

West African foreign ministers and Liberian warlords have agreed on a new outline of peace for the country that would lead to elections in 1997...

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صباحنا من الامل

Suharto sets face against political shift

By Manuela Saragosa in Jakarta

Indonesia's President Suharto yesterday dismissed calls for change in the country's political structure after unprecedented protests in recent weeks and warned of a lurking communist threat.

Mr Suharto's state of the nation speech, marking today's 51st independence day celebrations, took on added meaning after the unrest and a tough crackdown, which have raised doubts about his hold on power after 30 years.

"Whether consciously or unconsciously, intentionally or unintentionally, the PKI [the banned Indonesian communist party] way of thinking and actions manifest themselves in different forms in our society today," the president said.

Those involved in anti-government rioting and looting which rocked the capital, Jakarta, on July 27 were labelled "communist-like" by the president last month. Mr Suharto yesterday described the riots as "acts of anarchy, undemocratic and irresponsible" and defended the military's harsh handling of rioters as the government's responsibility to protect society.

Riots started after police forcibly evicted supporters of Ms Megawati Sukarnoputri, ousted leader of the opposition Indonesian Democratic party, from the party's headquarters in Jakarta. Ms Megawati was replaced by a government-backed candidate earlier this year.

In the aftermath, there have been calls to loosen the

government's tight grip on political activity.

But referring to the only three government-sanctioned political parties allowed under his rule, the president said: "If we are not yet satisfied with the role played by the three forums of our political forces, let us improve the existing forums [but] not by establishing a new forum where the support of people is entirely unclear."

Mr Suharto, 75, acknowledged the riots had affected confidence in economy stability, but described this as a "temporary jolt". "Political and economic stability have been restored," he said.

Many economists and analysts have blamed recent political unrest on the growing gap between rich and poor, a point which Mr Suharto acknowledged. He said "social problems" were putting pressure on urban areas and "this is the reason why conflicts can easily erupt in the cities".

But he was confident that Indonesia's economic situation "is still safe" even though Indonesia's current account deficit grew to 3.3 per cent of GDP in fiscal 1996, a figure which he said exceeded the government's self-imposed 2 per cent target.

"We will continue our efforts to cool down the economy," he said.

Mr Suharto made no direct reference to Ms Megawati in his speech nor did he talk about his own future in spite of growing speculation about whether he will seek a seventh five-year term in office at the presidential elections scheduled for 1998.

Kidnap hits Tijuana's TV hopes

Japanese executive's abduction may scare off new investors in the world's 'television assembly capital'. Leslie Crawford reports



Mamoru Konno, abducted

Tijuana, the Mexican city boasting that it is "the television assembly capital of the world", had been preparing to receive Mr Ryutaro Hashimoto, Japan's prime minister, when news broke that a Japanese electronics executive had been kidnapped.

Mr Mamoru Konno, president of Sanyo Video Components in San Diego, California, was abducted from his car in Tijuana last Saturday, as he drove home alone from a baseball match on the Mexican side of the border. The kidnapers have demanded \$2m in ransom.

Tijuana officials fear that the adverse publicity generated by the kidnapping, which has received front page play in Japanese newspapers, might scare off new investors just when the region had established itself as a haven for Japanese and Korean manufacturers.

Sony, Samsung, Matsushita and several others have either just finished, or are in the process of building, new manufacturing plants, and have contributed to the 6m television sets assembled annually in Tijuana.

Since the kidnapping, production at Sanyo's maquiladora (assembly plant) in Tijuana has been disrupted by bomb hoaxes that have forced the evacuation of the

company's 1,200 employees on at least one occasion, according to police reports.

"The bomb scare was a sick joke; police found nothing at the site," says Mr Luis Alberto Pelayo, director of the Maquiladora Association in Tijuana.

Mr Konno's abduction, he said, shocked the city's entire business community, readying itself to welcome Mr Hashimoto during his visit to Mexico next week. "We had never had a kidnap-

ing in the maquiladora industry before," Mr Pelayo says.

Another director of a US multinational in Tijuana explained the impact of the kidnapping on perceptions of corporate security: "Foreign executives have not felt the need to hire bodyguards in Tijuana. Security was never an issue. We did not feel threatened."

Mr Konno's abduction came amid a fresh investment wave by Japanese companies in Tijuana, a town which has prospered as a cheap manufacturing site for multinationals producing goods for export into the US.

Japanese companies have invested almost \$800m in Mexico since it joined the North American Free Trade Agreement in January 1994, according to trade ministry figures. The state of Baja California, where Tijuana and 57 Japanese subsidiaries are located, has captured almost half that amount.

Mr Konno is the most prominent businessman to have been kidnapped in Mexico since Mr Alfredo Harp Helu of Banamex, the country's largest bank, was held for three months in 1994 and freed for a ransom of close to \$50m.

Mr Konno, however, is not the first foreign businessman to be kidnapped in Mexico. According to US private security consultants, three expatriates were abducted last December.

Mexican businessmen have also become more vulnerable to the threat of abduction since devaluation plunged the economy into recession. The Mexican press carries weekly reports of

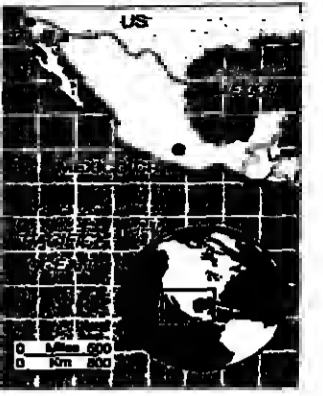
new kidnappings. They range from the abduction of wealthy hotel owners in Acapulco to the botched jobs of amateurs. Many kidnap victims are killed even when the family pays the ransom.

Most security consultants believe Mexico now has the second highest kidnapping rate in Latin America after Colombia. Figures are hard to come by, as most abductions go unreported, but estimates for Mexico converge on 2,000 kidnappings a year, against about 6,000 a year for Colombia.

The consultants blame weak law enforcement and police corruption (which on occasion includes collusion in the kidnappings), for fueling the kidnapping industry in Mexico.

Mr Richard Johnson, a security specialist with Setlin & Co, one of the leading US providers of kidnap-ransom insurance, says: "Before 1994, we had no customers in Mexico. Now we have many."

The highest premiums in Latin America, Mr Johnson says, are paid by foreign oil companies working in Colombia, where kidnapping is a main activity of guerrilla



groups. "A major oil company in Colombia could be paying up to \$4m a year in premiums," Mr Johnson says. "In Mexico, an ordinary company wishing to protect its 10 top executives would probably spend around \$40,000 a year in insurance."

"Mexico is a country where businessmen are at risk, but executives still take the attitude that it won't happen to them," says Mr Bruce Alexander, an executive protection specialist at Wackenhut Corporation, based in Miami, Florida.

Mr Alexander does not believe the crime rate in Mexico has begun to deter new investment. Budgeting against security risks, however, is set to become "a critical component" in the equation of businesses locating in Mexico, he says.

Indian police raid homes of ex-minister

India's federal police agency said it raided two homes of Mr Sukh Ram, former communications minister, yesterday and seized Rs80m (\$840,000) in cash, Reuters reports from New Delhi.

A spokesman for the Central Bureau of Investigation (CBI) said the agency had filed a case against Mr Sukh Ram, who was in the government of Mr P.V. Narasimha Rao, former prime minister, for offering favours to an Indian telecommunications firm.

"It [the raid] is still continuing," Mr S.M. Khan, the CBI spokesman, said. "So far the CBI has seized Rs30m in cash from his two houses." One house was in New Delhi and the other in Mandi, Mr Sukh Ram's Himachal home town, he said.

Mr Sukh Ram, who led India's telecommunications privatisation programme in 1995, could not be reached for comment. Local news agencies said he was out of the country for a medical check-up. They gave no further details.

Opposition parties had severely criticised the former minister's role in the privatisation scheme, part of a 1991 economic liberalisation programme. Mr Sukh Ram has consistently denied allegations that he had favoured a little-known firm from his home state, Himachal Pradesh, in the tendering process.

Mr Khan said the bribery case against Mr Sukh Ram involved a loss to the government of Rs16.5m because telecommunications equipment was bought at high prices from a company based in the southern city of Hyderabad, capital of Mr Rao's home state of Andhra Pradesh.

Asked whether Mr Ram would be arrested abroad, Mr Joginder Singh, CBI chief, told the Press Trust of India: "All legal courses would be taken into consideration. Let him come back to India."

United News of India said the CBI had also arrested a senior official in charge of the Department of Telecommunications' finances.

Downer admits uranium plans

Mr Alexander Downer, Australia's foreign minister, was yesterday forced to concede that the new federal coalition government was looking at ways Australian uranium could be exported to Taiwan.

The admission, which followed a newspaper leak, comes on the eve of the first high-level ministerial visits to China since the Liberal-National coalition took office. Mr Downer is due to fly to China next week, and Mr Tim Fischer, trade minister and deputy prime minister, later this month.

Although relations between the two countries have been fairly smooth recently, there have been points of friction.

China, for example, has been urging Canberra to avoid official contact with the Dalai Lama, when the Tibetan spiritual leader visits Australia next month. China also joined other countries in the Asia-Pacific region in expressing unhappiness at the Australian gov-

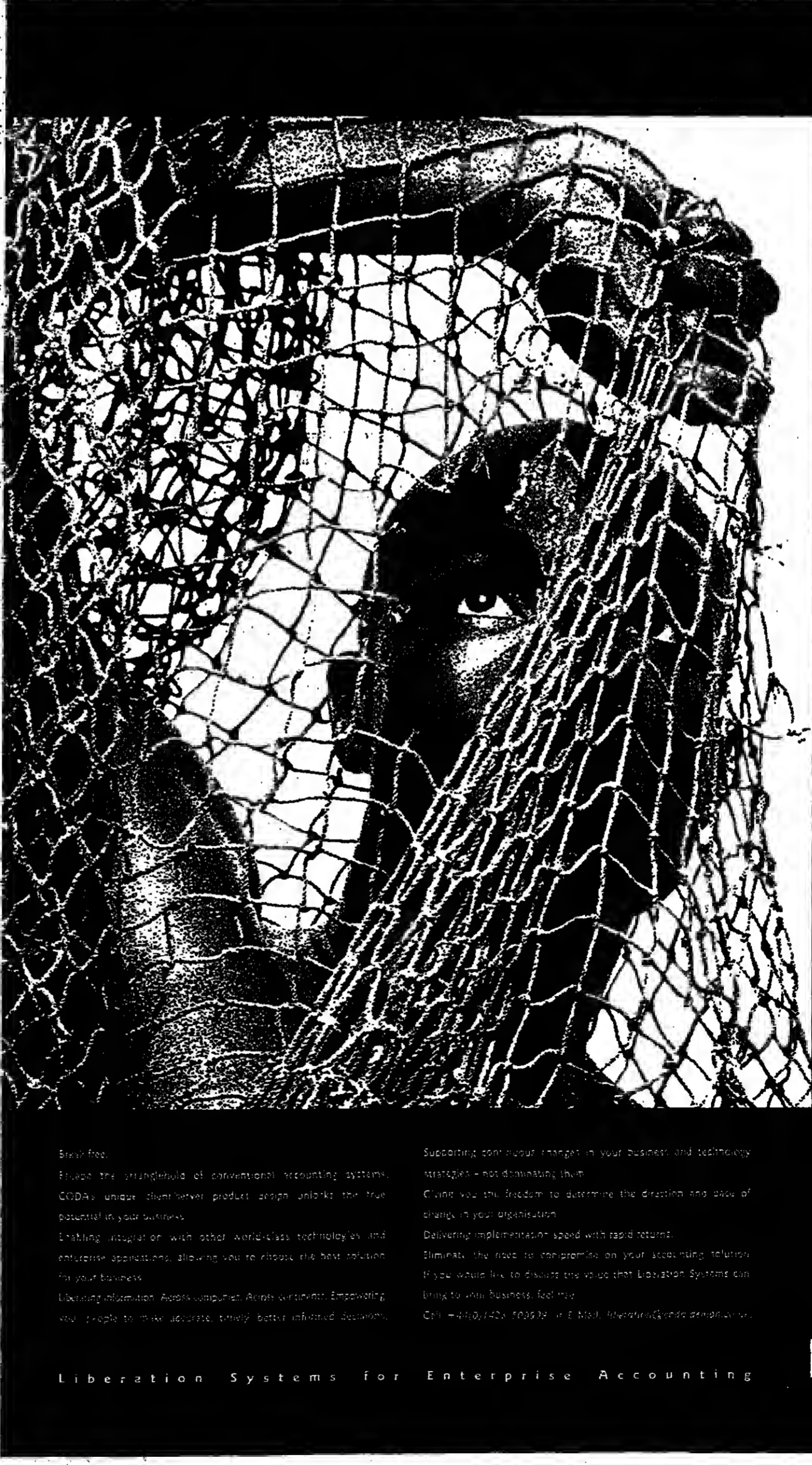
ernment's decision to axe the Development Import Finance Facility, a soft loan scheme.

In an effort to defuse the uranium issue, Mr Downer stressed that no sales would be made to Taiwan without strict safeguards. "No decision to proceed with exports of uranium to Taiwan would be made except under arrangements which would be consistent with long-standing policy on the export of uranium for exclusively peaceful purposes, Australia's international obligations and Australia's one-China policy," he said.

However, part of the uranium supply problem is how to devise such safeguards without breaching Australia's one-China policy.

The Chinese embassy yesterday evening expressed concern over Australia's reported intention to supply uranium to Taiwan.

Taiwan, which has a number of nuclear power stations built or under construction, has been viewed as a potential customer for Australian uranium for some time.



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liberate
where
other
systems
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NEWS: UK

Debit cards reach 1bn transactions

By George Graham, Banking Correspondent

Bank customers are leaving their chequebooks at home and switching to debit cards to pay for their groceries.

Debit cards such as the Switch card issued by Midland Bank and NatWest or Barclays Bank's Connect and Electron cards were used for more than 1bn transactions last year, an increase of 25 per cent from 1994.

The Association for Payment Clearing Services, the coalition of banks and building societies which oversees money transmission in

the UK, says that debit cards now account for half of all payments with plastic cards. It expects usage to reach 2bn transactions by 2000.

Debit cards allow money to be deducted directly from a customer's bank account instead of being added up in a monthly balance, as happens with the longer-established credit card. That means that they are used by a wider range of bank customers, including those who do not want to go into debt and those whose credit rating is not good enough to qualify for a credit card.

"There is a range of people who don't like using credit cards but

are comfortable using plastic," said Mr David Barlow, senior manager for payments systems in NatWest's card division.

Debit cards were only introduced into the UK in 1987, and were at first slow to catch on. But usage has increased in the last five years, starting in supermarkets and petrol stations and now spreading into smaller retailers. Customers are also getting cash from the supermarket.

"Customers are coming on to the fact that it's much easier than writing a cheque," said Mr Tim Parkes, head of current accounts at Barclays.

Bank account holders have been steadily cutting back on their use of the chequebooks. Personal cheque payments dropped from a peak of 2.4bn in 1993 to 1.8bn last year, and Apacs predicts a further slide to 1.4bn in 2000.

That is good news for the banks, because debit card payments are handled electronically and are much cheaper to process than a paper cheque. UK banks have been reluctant to release their own figures, but management consultants have estimated that in the US it costs about 80 cents to clear a cheque but just 28 cents to handle a debit card payment.

Although most people still use their debit cards instead of writing a cheque, for some customers the cards are partly replacing cash. Surveys show that for about one third of customers the debit card is the preferred method of payment for purchases over £10.

Cash remains king, nevertheless, accounting for an estimated 77 per cent of all payments last year.

The introduction of electronic purses such as the Mondex smart card could eat into that dominance, but Apacs still expects cash to make up 73 per cent of all payments in 2000.

Spanish are angry over 'all-in' deals

Local traders suffer as tourists opt for money-saving packages

Spanish traders in the country's Mediterranean tourist areas are not welcoming a growing trend among British visitors - the all-inclusive holiday.

The Spanish Tourist Board says that local traders, including restaurateurs and ice-cream sellers, are "furious" about the all-in packages, which have taken business away from them.

"The market for package deals for British holidaymakers in other countries has shrunk from a peak of 10m holidays sold last year to an estimated 8.5m this year. But the all-inclusive sector has been growing rapidly.

"It's one of the big areas for next year," said Mr Richard Carrick, marketing director at Airtroups, the UK's second-largest package holiday company. "Most of our summer 1996 all-inclusive holidays were sold out by Christmas last year."

inclusive hotels for next summer to 120. It says holidaymakers are turning to short-haul all-inclusive holidays now because prices in Spain last year rose above UK inflation, making the cost of living higher.

Moreover, self-catering, which at one time accounted for half the holidays sold, has been on the decline. Nowadays, says Airtroups: "People don't want to cook when they are on holiday but they still do want to budget."

The price of a typical package holiday includes air fares and accommodation, sometimes on a half-board basis. An all-inclusive deal often incorporates all the extras that can double the price of a holiday: meals, all-day snacks, alcohol, sports and entertainment.

Holidaymakers pay the tour operator more but generally do not have to dip into their pockets afterwards. Since holiday companies can negotiate favourable bulk rates for food and drink with the hotel or resort, they can



Selling strongly: more holidaymakers are choosing to pay in advance for meals, drinks, sports and entertainment



Selling strongly: more holidaymakers are choosing to pay in advance for meals, drinks, sports and entertainment

pass on the lower prices to customers.

The Spanish board doubts that the fashion for all-in holidays will last long because it says Spain has a limited number of budget-price large hotels able to take the business.

It also has concerns about quality. "We do not want to become a cheap and had accommodation destination and there is a risk that the quality of the product may deteriorate perhaps by providing bad wine and bad food."

With the exception of Club Med, the French tour operator, all-inclusive resorts have traditionally been regarded as best suited to the Caribbean, a culturally unfamiliar

and, until recently, expensive destination with high local prices for food and drink.

But the UK's mass market package holiday companies say that all-inclusive holidays in the Mediterranean have been selling strongly in the last few years, in spite of the proliferation of bars and restaurants in Spain, the main destination.

"We started two years ago in a small way in the Mediterranean and were surprised that you could transfer all-inclusives there," said Airtroups, which has priced its cheapest all-inclusive holiday at £238 for one week in the Costa Brava. "It's been totally consumer-driven."

The companies say the

concept has caught on because people like to know the total cost of their holiday in advance and all-inclusives are a value for money.

An NOP survey commissioned last year by First Choice found that 56 per cent chose an all-inclusive holiday because it made financial planning easier.

In another survey of its own all-inclusive customers last summer, First Choice found that 78 per cent had worked out the cost differences before deciding to book the holiday and 88 per cent had found the savings more than they expected.

Some established operators fear that customers may be misled by being offered little more than a glorified

full-board holiday. Ms Elaine Vaughan, director of UK sales at Sandals, the luxury Caribbean all-inclusive holiday company, says: "There's been a distinct increase in all-inclusives in the Caribbean and not all are successful because some operators think they can add a couple of beers and three meals a day and call themselves all-inclusive."

Club Med pioneered the all-inclusive concept in the 1950s in the Mediterranean with large purpose-built "villages" offering instruction in watersports with qualified teachers as well as a good choice of food.

Sheherazade Daneshkhu

UK NEWS DIGEST Go ahead for Iraqi oil buys

The British government has cleared the way for UK-based oil companies to buy Iraqi crude that will soon be coming to world markets under a United Nations-brokered oil-for-food deal.

The Department of Trade and Industry yesterday issued two new licences which will allow UK companies to buy, transport and process Iraqi oil exports. The first Iraqi oil is expected to flow sometime over the next month.

The bigger UK companies are expected to be cautious about buying Iraqi oil in the early stages of the programme. Relatively small amounts will be on offer and there is some concern that individual cargoes could be held up if the US or other members of the United Nations Security Council object to the terms of individual contracts.

Washington said last week that it would monitor the sale to ensure that Baghdad follows UN guidelines in the letter. A number of British companies, including Shell, the Anglo-Dutch oil group, imported Iraqi crude before the 1990 invasion of Kuwait.

GOVERNMENT BORROWING Fall increases hopes of tax cuts

Hopes of UK tax cuts were boosted yesterday after government borrowing fell back last month. The fall, triggered by a surge in tax revenues, surprised the City of London.

But the Treasury yesterday admitted that some of the surge in revenues may have been due to a change in the timing of tax collection. The Office for National Statistics yesterday said the government spent £1.7bn (£2.63bn) less last month than it collected in taxes. Last July spending overshoot tax revenues by £204m. The improvement partly reflected privatisation proceeds.

MAXWELL CREDITORS Prospect of higher payouts offered

Price Waterhouse, the UK-appointed administrators of Maxwell Communication Corporation, yesterday offered the prospect of a higher payout for the company's creditors after settling for \$68m in a legal action against the US accountancy firm, Coopers & Lybrand.

Price Waterhouse said the settlement would increase the projected payout for MCC's creditors to a range of between 46p and 61p in the pound. The new range excludes possible proceeds from further litigation which the administrators continue to pursue - including against the UK firm of Coopers & Lybrand.

POWER STATION PROJECT Airports operator pulls out

BAA, the UK airports operator, has decided not to back the planned £200m (£310m) redevelopment of Battersea Power Station, the monumental brick building south of the River Thames in London.

But it decided against further involvement following disagreements over the management of the project with Parkview, the Hong Kong property company which owns the site. "We reached a deadlock with Parkview over a number of issues including management control of the project," said Mr Des Wilson, BAA's corporate affairs director.

ELECTRICITY Poultry litter planned as fuel

Fibrowatt, a specialist power station developer, said it had raised £58m (£107m) to finance a 38.5MW power station in Thetford, Norfolk, fired by poultry litter. The plant will produce enough electricity for about 40,000 homes.

The company said it planned more power stations based on the combustion of "poultry litter" in the UK and abroad.

MUSIC INDUSTRY Growth slows in second quarter

Growth in the UK music market slowed in the second quarter of this year, following earlier dramatic growth. Figures from the British Phonographic Industry show trade sales between April and June totalled £208.56m, a rise of a little under 2 per cent compared with the £205.01m figure during the same period last year.

Singles sales, which have risen steadily since the emergence of the teen idols Take That in the early 1990s, remained buoyant. The singles market had £28.57m sales during the quarter - up 11 per cent on a year ago. The Fugees, Gina G, Mark Morrison and Basement Jaxx & the Lightning Seeds all achieving platinum status by selling more than 800,000 copies. But the album sector, the largest part of the market, increased by just 0.4 per cent to £179.99m.

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Nomura ahead in defence home bid

By Simon London, Property Correspondent

Two consortia have been shortlisted by the government for a final round of bidding for the £1.6bn (£2.49bn) Ministry of Defence married quarters estate.

One of the shortlisted groups is led by Nomura, the Japanese investment bank. The other is headed by Mr John Beckwith, the property developer and fundraiser for the UK's ruling Conservative party.

The MoD and NatWest Markets, its financial adviser, hope to announce the winning bid by the end of this month.

The privatisation has been dogged by political controversy. Mr Michael Portillo, defence secretary, last month headed off a backbench revolt by placing extra conditions on prospective buyers.

The government received 18 bids for the married quarters estate, comprising 58,000 homes used to house service families.

The Nomura-led consortium also includes Amec, the construction group, Hambros, the merchant bank, Midland Bank, Royal Bank of Scotland and Abbey National Treasury Services.

The Beckwith group includes Lehman Brothers and Bankers Trust, the US investment banks, and Hodge & Co, a small housing management company which specialises in dealing with the MoD.

Abattoirs threaten cull protest over payments

By Deborah Hargreaves

Northern Ireland's meat plants involved in the government's anti-BSE cull said they will stop killing cattle from Monday in protest at attempts to renegotiate payments for the cull.

The government has opened talks on cutting the remuneration to abattoirs for killing cull cattle from £27.50 (£36.80) per animal to a level believed to be close to £40. The new rate would be backdated to June 17.

The province has nine large slaughterhouses all of which are involved in the cull. The plants, which are represented by the Northern

Ireland Meat Exporters association, sent a message to the Ulster Farmers' Union yesterday informing them that they would be suspending the cull.

"It is deplorable," said Mr Greer McCollum, president of the union. "Farmers must not be used as pawns in arguments between meat plants and government as, ultimately, it is farmers who suffer."

The farmers' union said there was a backlog of 54,885 cattle waiting for slaughter in Northern Ireland. Mr McCollum urged the abattoirs to continue with the 30-month cull scheme. Northern Ireland's meat plants are

big operations geared up to the export market with large numbers of sales staff and bigger overheads than some smaller, more specialised plants.

Some larger abattoirs in England have also threatened to pull out of the cull if the government forces the rate of payment down too far.

"The cheapest is not necessarily the best. I'm not saying that £27.50 is the right price, but we've had to invest a lot of money in this cull to buy weighbridges and things," said Mr Richard Cracknell, managing director of ABP, one of the UK's largest abattoir groups.

US court orders public issue of De Lorean papers

By Robert Rice, Legal Correspondent

A US court has ordered that confidential UK government documents, including cabinet minutes, relating to the failed De Lorean sports car venture, should be released for public scrutiny.

The unprecedented disclosure of cabinet papers, normally subject to a 30-year secrecy rule in the UK, was ordered by Judge Mukasey in New York on Thursday, were released to Arthur Anderson in 1991 following a two-year court battle with the UK government.

The firm believed the papers supported its claim

that political considerations overruled the financial risks of the De Lorean project from the start.

The firm said yesterday the release of the papers into the public domain would strengthen its claim that ministers were well aware of the financial and commercial risks at the time public money was committed.

"From Arthur Anderson's point of view the firm has been under a cloud for a long time and it is now clearer for the public that it has a strong case," it added.

The office of the UK Attorney General, the government's chief legal adviser, declined to comment.

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"From Arthur Anderson's point of view the firm has been under a cloud for a long time and it is now clearer for the public that it has a strong case," it added.

The office of the UK Attorney General, the government's chief legal adviser, declined to comment.

'Burgergate' link with senior minister denied

By John Kampner, Chief Political Correspondent

The proposed sale of an outer London Conservative Association building to the McDonald's hamburger chain has led to a new attack on the embattled Michael Portillo, the minister of defence, by the opposition Labour party.

The furor - over the Endfield Southgate Conservative Association's headquarters which is in Mr Portillo's constituency - has been

portrayed as an example of murky links between the Conservative party and business interests.

The Labour party, which has dubbed the controversy 'Burgergate', capitalised on the suggestion that the £100,000 McDonald's was putting up in excess of other offers for the building might be used by Conservative central office to subsidise its election campaign.

But McDonald's denied a political motive. "It is outrageous to suggest that this proposed acquisition is anything but a straightfor-

ward property transaction," the company said. "It has never been our practice to involve a political consultant in property negotiations and no political consultant was involved in these negotiations."

Colleagues of Mr Portillo, the darling of the Tory right, insisted he has only a vague acquaintance with Mr Geoffrey Tucker, the company's political consultant. They said the latest incident had been conceived and reported to the

credentials and his prospects in the leadership race which is likely to follow the next general election.

Labour's Mr Brian Smith said: "The web of financial links between McDonald's and the Tories is already extensive." He cited influential positions held with the company by several former Conservative officials.

Mr Portillo's constituency association said all dealings with the company had been handled at local level. "There have been no contacts between McDonald's and

Michael Portillo on the sale of Century House. McDonald's offered us what they thought the site was worth. Naturally we did not tell them what other bids we had. No political contribution, overt or covert, was involved."

'Burgergate' joins other controversies in which Mr Portillo has been embroiled, plans to sell off London's Admiralty Arch, a noisy ministry party disrupting a military commemoration on London's Horseguards' Parade and the sale of armed forces' married quarters.

Handwritten Arabic text: 'سكرا من الامه'

Granada seeks buyer for Spring Grove

By Geoff Dyer

Granada Group is seeking a buyer for Spring Grove, its textile-rental business, in a deal which could raise £100m for the media, services and leisure group.

Spring Grove, which is being run by Granada's in-house corporate finance department, is part of a wide-ranging disposal programme to reduce the group's £3.5bn debt following the £3.0bn acquisition of Forte this year.

part of a £260m deal which included Sutcliffe, the contract catering company. Spring Grove, which made profits of about £15m on sales of £66m last year, has textile rental, washroom services and towels businesses.

The purchase of Spring Grove by any of its large UK competitors would also lead to problems with the competition authorities.

Granada hopes to complete the sale of these hotels by the end of the year, although analysts have expressed some scepticism about the profit projections in the sales memorandum.

Other former Forte assets for sale include the Welcome Break motorway service stations, its stake in Alpha Airports, the flight catering business, and the Savoy Hotel group.

Southgate's swansong secures demerger vote

By Alice Rawsthorn and William Lewis

Sir Colin Southgate yesterday staged his swansong as chairman of Thorn EMI by securing the majority votes required to finalise the demerger of its music and rental interests, and to introduce a controversial executive bonus scheme.

run-up to the vote, institutions had expressed concern about the proposals being put forward, and potentially too restrictive. This would have entitled Mr Jim Field, chief executive, to a £2.5m bonus last year when his total package was valued at £7.38m.

Sir Colin, who chaired Thorn EMI for 10 years and will continue in that role for EMI, becoming non-executive chairman of Thorn for a year, said the two companies would be valued more highly as independent entities.

The demerger proposals were backed by 98.7 per cent of the 230m shares voted (53 per cent of the total) with just over 1 per cent abstentions and less than 0.25 per cent voting against. The shares rose 4p to £14.33.

There were no questions about the incentive scheme from shareholders' who attended Thorn EMI's celebratory AGM in London yesterday. Only a handful queried the rationale for demerger.

When the two companies start trading independently on Monday, the consensus among analysts is that EMI's price will be about £14, implying a prospective p/e close to 26, and Thorn at about 40p and 14 times.



Sir Colin Southgate: foresees higher value

Unilever creeping away from Caterpillar franchises

By Ross Tremen

Unilever, the Anglo-Dutch food and detergent manufacturer, yesterday took one more step away from its diversified past by announcing it was discussing the sale of its Caterpillar tractor franchises.

The announcement surprised some analysts, who were unaware that Unilever was a leading supplier of earthmovers in the north-east and south-east of England. Even the company was unsure how Unilever, an enormous international empire whose expertise lies in the separation and combination of fats and water, came to be in the machinery distribution business.

Unilever said the disposal was part of a long-standing strategy of focusing more closely on its core activity of manufacturing branded food, detergent, and personal hygiene products and specialty chemicals.

It holds two franchises. The largest, H Leverton, has annual sales of £250m. Its 900 employees sell, service and support the full range of Caterpillar products.

The would-be buyer is Financial Ventures, Canada, which already holds the Caterpillar franchise for the rest of mainland Britain, having its UK operation at Camcock, Staffordshire. Financing is a leading distributor of Caterpillar products, with operations in Canada, Poland and Chile, as well as Britain, and annual sales of £1.75bn (£810m).

Separately, Unilever is in talks to sell Leverton Export, based in Windsor, Berkshire, to the privately owned Mansour Group. Leverton Export distributes Caterpillar machines in several African countries, including Nigeria and Ghana. Mansour already holds the Caterpillar franchise in Egypt, where it is based.

Caterpillar yesterday announced that it intended to transfer the dealerships to the two companies with which Unilever is in talks. Proceeds are likely to be between £70m and £80m.

Wickes appoints Bill Hoskins as finance director

By Ross Tremen

Mr Bill Hoskins yesterday began one of the toughest jobs in British retailing - as finance director of Wickes, the DIY chain.

The search is continuing for a chief executive to replace Mr Henry Sweet, who resigned on June 26. But filling that post, and appointing a new non-executive chairman, is likely to be delayed until the findings of an inquiry into what went wrong, being conducted by accountants Price Waterhouse and solicitors Linklaters & Paines.

He walked to the Morning Street headquarters in London to start work at 9am, just as his appointment was announced.

Mr Hoskins, 43, has worked for BAE Systems and accountants Ernst & Young. He will replace Mr Stuart Stradling, who discovered the false accounting that caused Wickes' profits to be overstated by £30m over the past six years. Mr Stradling indicated, when the problems were uncovered at the end of June, that he would resign once an investigation was complete.

Now aged 43, Mr Hoskins had been at 'Laporte' for 23 years, in a variety of roles. Previously he worked for BAE Systems and accountants Ernst & Young. He will replace Mr Stuart Stradling, who discovered the false accounting that caused Wickes' profits to be overstated by £30m over the past six years. Mr Stradling indicated, when the problems were uncovered at the end of June, that he would resign once an investigation was complete.

Scott Pickford retaliates against investor revolt

By Jane Martinson

Scott Pickford, the UK oil exploration services and engineering group, is taking legal advice over a shareholder revolt that may include a director.

bought 1m shares in June. The company said yesterday that Edderton, claiming support from holders of 52 per cent of the equity, had then demanded board and other management changes.

It also asked the Stock Exchange to investigate the way in which Edderton, a British Virgin Island-registered company, bought its 8 per cent stake earlier this year, following complaints from the vendor.

Mr John Turner, a former employee with an 8 per cent stake, and Westclay, a company involved in a legal tussle with Scott Pickford, admitted, however, that he was unhappy with aspects of the business and wanted to see a new managing director of the oil business.

Edderton, which Scott Pickford says is ultimately owned by Kuwaiti businessman Mr Nasser al-Saleem,

Birkdale placing to raise £2.5m

By Jane Martinson

Birkdale Group, the UK marketing services company, is to raise £2.5m through a placing and open offer after a year in which pre-tax losses deepened from £2.02m to £2.67m.

company expected to pay a dividend next year, the first since 1992.

The new team will receive no basic pay. Mr Morley said a performance-related payment should be made in October. The closure of surplus office space would also save about £250,000 a year.

Operating losses were £455,000, before exceptional charges of £2m to cover losses on disposals. The 1995 profit of £428,000 was made after a £2.33m write-off.

New director at London Scottish Bank

By George Graham, Banking Correspondent

London Scottish Bank, the consumer credit and debt collection group, has named Mr Peter Falch as group operations director.

Mr Falch, currently operations director with Empire Stores, previously worked for the home shopping division of Great Universal Stores. He is expected to join the bank's board at the turn of the year.

He will take over responsibility for the branch network from Mr John Tomlinson, deputy chief executive, who retires at the end of next year. Mr Roy Reece, chief executive, said Mr Falch, 47, had "a strong systems development and planning background".

London Scottish has installed a new computer system which has helped Robinson Way, its debt collection subsidiary, by automating telephone calls.

Seven hit the jackpot with Skynet

Alistair Blair and Christopher Price tell how a fortune was made in two months

Even by the lengthy investment records of Mr Tom Wilnot and Mr Stan Heller it has been a remarkable experience.

For an investment of just £260 in Skynet Corporation, they and five other investors have made more than £2m in cash and paper profits.

"Some investments go wrong and some go well," says Mr Wilnot, a veteran small company investor. "This one just happened to go very well indeed."

Their involvement was born of the frustrations of Mr Bob Yorke, the Skynet chief executive, who was desperate in his search for financial backing.

He had agreed to pay £20,000 to the Danish inventor of a technology which would enable the development of a sophisticated vehicle tracking and information service.

After being turned down by some 15 brokers and institutions, Mr Yorke was introduced to Mr Heller.

He and Mr Wilnot had a history of investment in start-up situations. In the 1980s, they had both run over-the-counter share operations, dealing in small unlisted companies.

Mr Wilnot's firm, Harvard Securities, did not, however, gain approval under the new City regulations introduced in the late 1990s.



Lashings of cash: Robert Yorke (left) and Jonathan Clark prove to be a dynamic team

On May 21, UPS issued 850 shares to Mr Yorke, two of his colleagues and Mr Heller's syndicate, who paid £1 a share. Mr Yorke and his colleagues put up £600; the syndicate £200.

On the same day, all these shares, along with the original 100 shares which Mr Yorke and his two colleagues had issued to themselves a few months earlier, were swapped for 9.5m shares in Skynet.

Out of these, the syndicate's entitlement was 2.5m shares. Skynet also assigned options over 1.6m shares to

the seven investors and these could be exercised at any time for 10p a share.

The next day, Skynet launched a prospectus for a private placing to raise the £550,000, involving 2m shares at 27½p.

At this price, the syndicate's stake of 4.1m shares would have yielded them a profit of just under £1m after spending £180,000 to exercise options. The placing was three times subscribed and 40 new investors came on board.

On Oxfex from June 5, Skynet's price sailed away. It reached 92p on the first day,

130p at the end of the first week, and 300p by mid July. Apart from peak demand for the new shares, Mr Jonathan Clark, Skynet's new chairman and a telecoms expert, also revamped the distribution strategy leading to a trailing of sales projections.

On applying to join Aim, Skynet shares were suspended at the end of July. However, the rapid rise had already caught the attention of the Securities and Futures Authority, as had complaints from some market participants.

Mr Yorke believes the company is the victim of a conspiracy and he says the rewards of the seven original investors are justified.

"They were willing to put up the money if the first placing didn't get away. They were also an idea of what we were about, which the market has only just caught on to."

ister denied

NEWS DIGEST

Inspec modifies share proposals

Inspec, the former BP chemicals company, has modified a controversial proposal to allow directors and staff to turn their rights issue share entitlements into share options after coming under pressure from institutional shareholders.

The three amendments, which will be sent to shareholders on Monday, follow meetings the group has held this week with the Association of British Insurers, which represents 5-10 per cent of its shareholders.

Inspec said: "We have done as much as we can to address the issues raised by shareholders in a constructive way."

The proposal follows Inspec's acquisition of Shell's Fine Chemicals for £200.5m, which is to be financed by a 1-for-2 £100.5m rights issue.

The group is seeking approval at an extraordinary meeting on August 21 for an employee share scheme, which will allow participants to be granted options over the rights issue shares to which they are entitled. Directors can exercise those options if performance criteria are met.

As a result of institutional pressure, the group has agreed to the additional performance criteria that its earnings and total shareholder return must be in the top 25 per cent of its peer group before the options can be exercised.

In addition, the options will vest only at the end of the three-year scheme, rather than in annual tranches, and the options are to be registered only in the names of employees and not spouses.

As a knock-on effect of the demerger of Thorn EMI, Inspec has been removed from the FT-SE Mid 250 index of companies.

Geoff Dyer

Bae confirms Matra venture

British Aerospace and Lagardère Group, the French defence and media company, yesterday confirmed they have merged their missile operations to create Europe's largest guided weapons company.

The joint venture, to be called Matra Bae Dynamics, will have a turnover of £1bn with a forward order book of £2.6bn and will employ 6,000 people in the UK and France.

Mr John Weston, chairman of Bae Defence, will be chairman of the new group and Mr Noel Forgeard, president of Matra Defense Espace, will be chief executive. The company will have head offices in Paris and London.

Bae will initially pay Lagardère £20m to make up for Bae's smaller forward order book in missiles, with the final sum dependent on how forward orders and prospects translate into actual business.

Under the deal, the sum Bae could pay could be decreased or increased by up to £30m, giving a range of total payments between £50m and £110m.

The two companies hope to co-operate in bidding for Thomson-CSF, the defence electronics arm of Thomson, due to be privatised shortly. If they are successful, the guided weapons operations of Thomson would be included in Matra Bae Dynamics.

Bernard Gray

Colleagues shares fall to 119p

Shares of Colleagues Group plunged again yesterday, by 26p to 119p after falling to 106p, as the UK direct marketing concern warned that second half profits would be lower than anticipated in its recent trading statement.

Then, analysts halved their forecasts for the full year to December 31 from £4m to £2m. Directors now anticipate a total of just £1.2m, showing only a small profit for the second six months.

On August 8 the shares dropped 107p to 148p as first-half profits were forecast to fall from £1.56m to about £1m. In the event they amounted to £908,000 from turnover of £17m against £23.1m.

Directors said it had become apparent that the level of spending by a leading client would be materially lower for the year. They added that the ongoing postal workers' dispute led to "a number of clients deferring marketing campaigns".

Directors have implemented a cost-saving programme, which has involved a 20 per cent cut in jobs, to about 80 employees, and a "substantial reduction" in directors' remuneration, and a new business campaign.

Earnings per share were 2.5p (5.1p) while the interim dividend is 1.5p (1p).

Azlan 'substantially' ahead

The announcement yesterday that Azlan's profits were substantially ahead of this time last year sent the UK computer networking specialist's shares up 45p to 760p.

Mr Mike Brookes, non-executive chairman, told the annual meeting: "Sales and profits in the first four months of the financial year are substantially ahead of the same period last year and are in line with the directors' expectations."

It made pre-tax profits of £10.5m in the year to March 31, on sales of £196.8m.

The group follows a strategy of concentrating on distributing a limited range of higher-margin networking products from leading manufacturers to resellers.

Last November it raised £20.4m via a 2-for-5 rights issue at 40p for further expansion. It floated at 230p two years before that.

Mr Mark Loveland, an analyst at house broker SBC Warburg, left his full-year forecast unchanged at £15.5m.

Costain £11m pipeline sale

Costain has sold Land & Marine, its specialist pipeline business, to the Dutch company Smit International for £11.5m cash.

The disposal is part of a rescue programme by Costain to refocus on its core engineering and construction activities and raise about £80m. Of the consideration £9.8m will be payable at completion with the balance later this year.

Other probable disposals include its remaining US coal interests in which Lombro had been interested, although the UK conglomerate withdrew from discussions at the end of July.

Land & Marine incurred a pre-tax loss of £1.7m in 1995, and at the year end had a book value of the assets sold of £3.5m. It will be renamed Smit Land & Marine Engineering.

John Foster trading ahead

An upbeat statement to the annual meeting pushed shares in John Foster, the Bradford-based washed spinner, up 1p to 39p.

Mr Peter Giles, chairman, said trading was ahead of the previous year. The full-year outcome would depend on exports to Japan, the group's single most important market, particularly for mohair cloth.

He believed the group's properties were undervalued on the balance sheet. An independent valuation would be undertaken and the group planned some disposals.

Company	Turnover (£m)	Pre-tax profit (£m)	EPS (p)	Current payment (p)	Date of payment	Dividends/Condividend	Total for year	
							Year	Total last year
Birkdale	13.2 (14.7)	2,671.4 (2,021.4)	2.81 (2.1)	nil	nil	nil	nil	
Brown & Jackson - 18 mths to June 30	229.1 (188.3)	18.6 (12.5)	21.5 (15.1)	nil	nil	nil	nil	
Colleagues - 8 mths to June 30	17 (23.1)	0.92 (1.5)	2.5 (5.1)	1.5	Oct 17	1	4	
Whitney M-Lewis S - 11 to April 30	2.48 (2.8)	0.16 (0.42)	2.4 (5.5)	nil	nil	nil	nil	

Investment Trusts	NAV (p)	Dividend Yield (%)	EPS (p)	Current payment (p)	Date of payment	Condividend	Total for year	
							Year	Total last year
Baroness - 8 mths to June 30*	80.0 (80.8)	1.24 (1.21)	1.54 (1.53)	0.725	Nov 6	0.855	2.7	

Earnings shown basic. Dividends shown net except where specified. Figures in brackets are for corresponding period. *After exceptional credit. †On increased capital. ‡Comprehensives pro forma for 12 months to June 30 1995. \$USM stock. *Comparatives restated.

COMPANIES AND FINANCE

Barrick raises bid and wins Arequipa

By Robert Gibbins in Montreal and Kenneth Gooding in London

Barrick Gold, the biggest gold producer outside South Africa, yesterday increased its offer for Vancouver-based Arequipa Resources from C\$915m to C\$1.03bn (US\$748m) and won the support of the target company's board.

Arequipa is a four-year-old exploration company whose main asset is the Pierina gold deposit in Peru. Not only is its board recommending a friendly transaction with Arequipa, the directors and certain other shareholders holding about 23 per cent of the company have signed a lock-up agreement which commits them to tender their shares.

A jubilant Mr Peter Munk, chairman of Barrick, said: "We are delighted to have concluded a friendly transaction with Arequipa. We believe that Arequipa represents an attractive investment giving us a major position in an important gold producing area."

Barrick's first bid, launched on July 11, was C\$27 a share cash. It is now offering either C\$30 cash or 0.73 of a Barrick share plus 50 Canadian cents cash for each Arequipa share, subject to a maximum of 14.4m Barrick shares being issued.

Mr David Lowell, Arequipa's founder and chairman who owns about 10 per cent of the issued capital, said he would elect to take a "substantial" portion of his consideration in Barrick shares.

Some analysts suggested that Barrick's first offer was over-generous because at present there are no "proven and probable" gold reserves at Pierina, 400km north of Lima.

There is only a "resource" of 3.5m troy ounces of gold, but last week Arequipa said that drilling and other work in recent weeks indicated that this was an underestimate.

Other analysts point out that Barrick has taken a close look at Pierina and obviously believes it has much more potential. Mr Munk has set Barrick a target of producing 5m ounces of gold a year by 2000 compared with last year's 3.1m.

Saab downbeat as losses mount

By Hugh Carnegie in Stockholm

Saab Automobile, the struggling Swedish car maker managed and half-owned by General Motors of the US, yesterday reported losses for the second successive quarter and warned that earnings would be hit by high marketing and product development costs throughout 1996 and 1997.

It said the company swung from a pre-tax profit of SKr84m in the second quarter of last year to a loss of SKr95m (\$14.3m) this time. The result pushed first half

losses down to SKr428m, against a profit of SKr195m at the halfway stage last year.

The losses underscored the tough task facing Mr Robert Hendry, a top GM executive who arrived from Detroit earlier this month to take over as Saab chief executive. His appointment was seen as an attempt by GM finally to knock Saab into shape after running up net accumulated losses of almost SKr1.0bn since it bought a 50 per cent share in late 1989 to become joint owner with Investor, the Wallenberg empire investment company.

But Mr Hendry made no public comment on the latest figures.

There was some comfort in the lower level of losses in the second quarter compared with the first three months. This second quarter also showed an operating profit of SKr32m, although this was well down on the SKr228m recorded in the second quarter last year.

A 12 per cent slide in car sales in the first quarter was arrested, leaving the number of retail sales of the company's 900 and 9000 range cars down a less painful 6 per cent over the

first half at 49,300 units. Sales were down heavily in Saab's important Swedish home market - hit by uncertainty over rules governing sales of company cars. But they were ahead in the US, Saab's biggest single market, and in the UK, its second-largest export market.

Company officials cautioned, however, that the second and fourth quarters were usually the strongest of the year. To compound its woes, Saab has also been hit by the recent strength of the Swedish krona, which has cut export profits. Saab is pinning its hopes

on a new luxury model to be launched next year. The costs involved in the new car - and in a general marketing drive in key export markets - are set "to affect the profitability negatively during the coming years", the company warned.

But Saab secured a SKr3.48bn refinancing package from GM and Investor in June designed to underpin its recovery effort for the next five years. In that time, its aim is to increase output from 100,000 cars a year to 150,000 to give it the volumes needed to establish stable profitability.

Airtours adds to cruise fleet

By Scheherazade Daneshkhu, Leisure Industries Correspondent

Airtours, the UK's second largest tour operator, has bought a third cruise ship for \$40m (£19.4m) cash from Royal Caribbean Cruises, the Miami-based company.

Airtours, which started selling mass-market fly cruises in 1994, said the acquisition would help the company keep pace with demand, which it said has been particularly strong in Canada.

Carnival Corporation, the largest US cruise line, took a 30 per cent stake in Airtours earlier this year. Mr Harry Coe, Airtours' finance director, said the two businesses were separate but Airtours would draw on Carnival's knowledge of the cruise market.

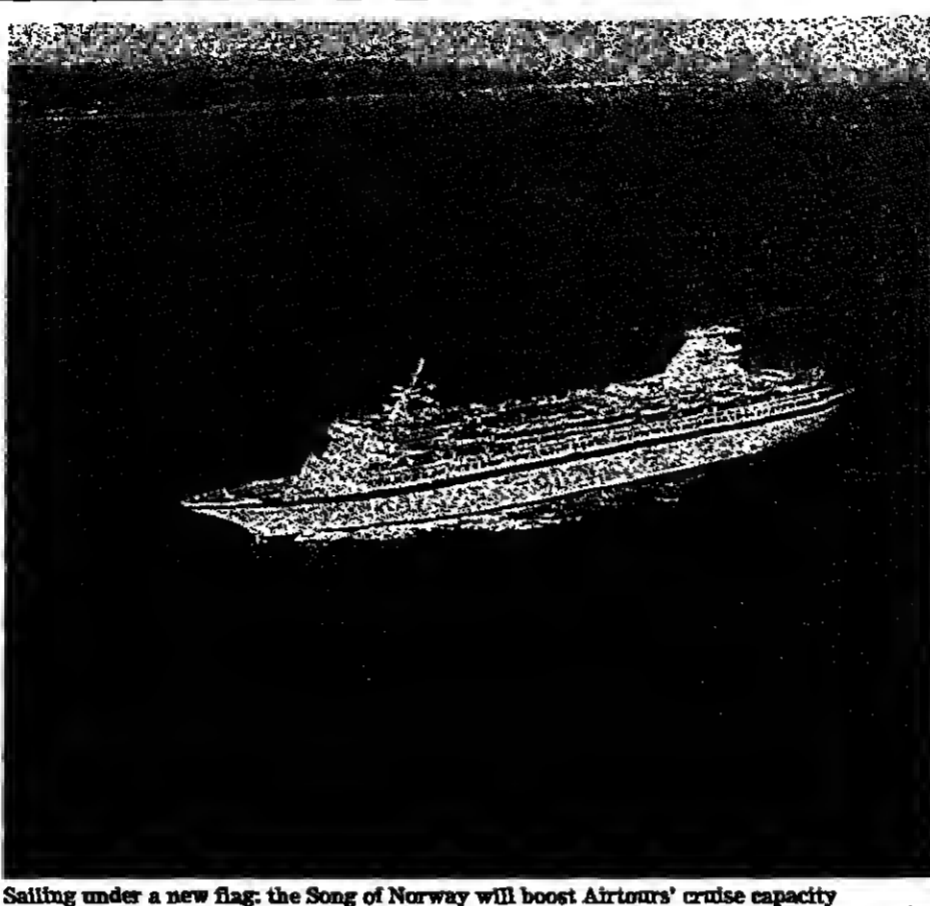
The ship, the Song of Norway, carries 1,100 passengers. It was Royal Caribbean's first ship and has

carried 1m passengers in 26 years of service. It is the sister ship of MS Carousel, which Airtours bought from Royal Caribbean for \$35m in October 1994.

Airtours' first ship, the Seawing, which was bought for £18m, has room for 800 passengers, and set sail in March 1995. The first cruises were in the Mediterranean and the programme was extended last winter to the Caribbean.

Airtours will take delivery of the Song of Norway in October, but will lease it back to Royal Caribbean for the winter. After refurbishment, it will sail under the Airtours banner in May 1997. It will be based initially in Palma, Majorca and will operate in the Mediterranean and Caribbean.

Airtours, which has up to one third of the UK cruise market, carries 100,000 cruise passengers a year; the third ship would raise capacity to 150,000 passengers.



Sailing under a new flag, the Song of Norway will boost Airtours' cruise capacity

B&J on target as pro forma losses fall

By Chris Brown-Humes

Brown & Jackson - owner of the UK Poundstretcher discount chain - suffered a sixth successive year of losses in the 12 months to June 30, but said it was on target to make an operating profit in 1997.

The group was rescued by Pepkor, South Africa's biggest retailer, in 1994. The tar-

get then was to return to operating profits over three years.

Mr Tony Haughton, Brown & Jackson's executive vice chairman, said: "We are making steady progress and believe we can meet our target. It should not be long afterwards before we make a pre-tax profit."

Pro-forma pre-tax losses in the year to June 30 were £3.97m, against £12.6m a year earlier. The group is aligning its year end with Pepkor's and over the 18 months to June 30 entered an £18m loss.

Pro-forma operating losses before £4.08m exceptional losses were £3.11m. A year ago operating losses before £7.18m exceptional losses were £3.59m. It has not paid a dividend since 1992.

Sales at Poundstretcher, which has 235 stores, rose 7 per cent in the 12 months, and 12 per cent in the latest six months, helped by a store opening programme, revamps and aggressive marketing. However, like-for-like sales lagged the sector, rising 2 per cent over the 12 months and 2.2 per cent over six months.

It said restructuring had been held back by "unacceptably high stock losses", which it partly blamed on greater theft.

The group, which opened 28 stores last year, plans to open a further 30 this year. It also plans to close more stores after disposing of 12 last year.

Poundstretcher sales in the six weeks to August 9 were 9 per cent ahead.

GM pins hopes on the Saturn concept

The US car maker plans to widen the scope of its innovative subsidiary

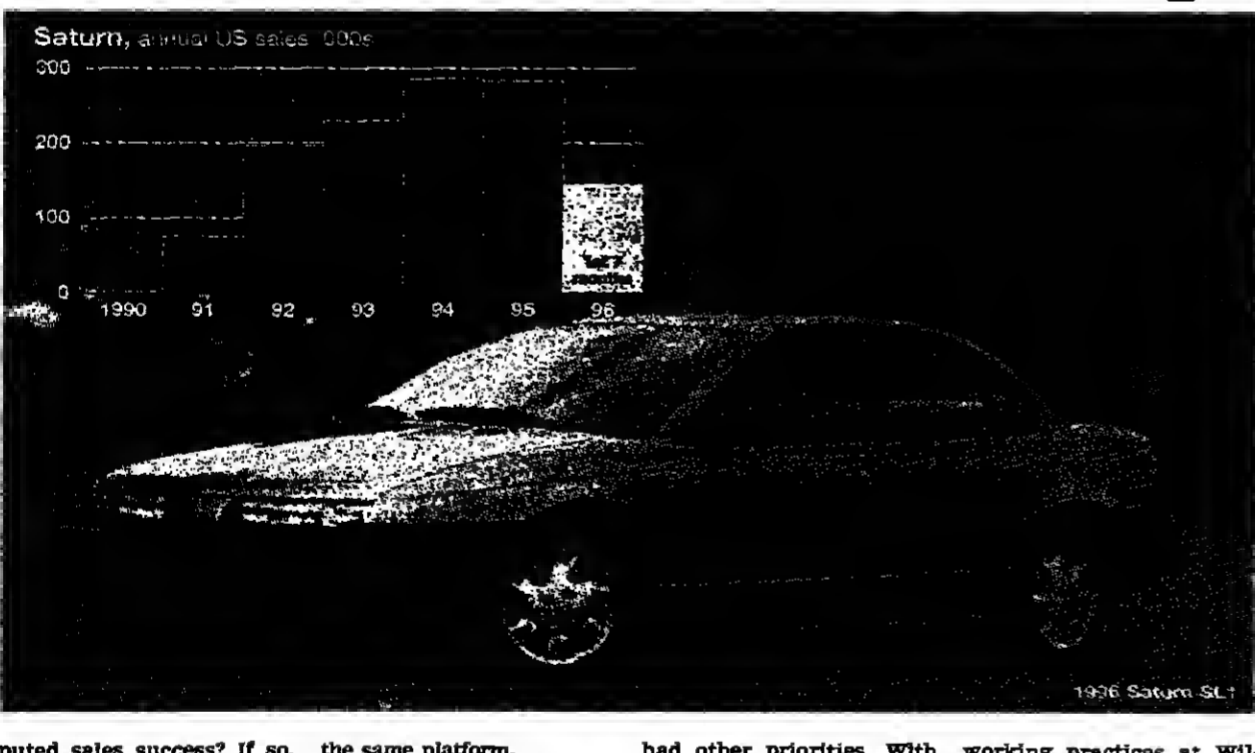
By deciding to develop a second range to expand its successful Saturn brand of cars, General Motors has taken a big step to boost the profitability of a subsidiary which has so far generated more esteem than earnings.

Saturn is one of America's biggest corporate contrasts. The company's sales have soared since it was established in the late 1980s as a response to rising Japanese imports. Production at Saturn's purpose-built plant at Spring Hill, Tennessee, has risen steadily; output should reach almost 310,000 units this year - virtually full capacity.

Customers are smiling, too, partly because of Saturn's no-haggle sales policy. The brand has topped the annual sales satisfaction index compiled by J.D. Power, a respected US motor industry consultancy, for the past two years. Demand for Saturns has been so strong that workers gave up part of this year's summer break to keep production rolling.

But despite its marketing success, Saturn's financial performance has been less sweet. GM does not publish separate results for the company. Nor has it ever stated how much money was spent creating Saturn. All that is known is that the vast Spring Hill facility cost \$1.9bn. Estimated development costs for Saturn's original cars range from \$2bn to \$4bn on top. It is not clear whether GM has ever enjoyed a satisfactory return on its investment.

With sales and demand booming, but profits less clear, GM's management has faced a dilemma: should they spend even more on the brand to build on its undi-



Saturn, annual US sales 000s

1996 Saturn SL

puted sales success? If so, where should any new capacity go?

Last week brought an answer to both questions. GM announced Saturn would build a second, bigger model - codenamed Project Innovate - to be based loosely on GM's European Vectra off the basic structure (platform) Vectra should save development costs and help teach GM's US and European engineers to work more closely at a time of growing "globalisation" in the industry.

But rather than building Project Innovate at Saturn's home plant in Tennessee, GM's bosses decided the new model should be produced at an older facility in Delaware.

The decision to go ahead with the new car caused relatively little surprise - although some executives had argued against it on the grounds that a bigger Saturn could bite into sales of GM's more established brands. Some said the money would be better spent on raising capacity for Saturn's existing saloon, estate car and coupé, which are all built on

the same platform.

However, the argument was always tilted towards a bigger model. Saturn's customers and dealers had been crying out for a bigger car. Although Saturn's current vehicles are mid-sized by European standards, they count as compact to American drivers.

"There are limits to your long-run viability as a single product, single plant company," says Mr David Bradley, motor industry analyst at J.P. Morgan in New York. "The more volume they can put through, the better the economics."

Deciding where to locate Project Innovate was more difficult, however. Spring Hill's exemplary labour relations record made the plant a natural candidate. The plant broke a mould in the often confrontational history of labour relations in the US motor industry by introducing Japanese-style team working and blurring demarcation lines between management and workers. Many local employees argued they had won the right to any new investment.

GM managers, however,

had other priorities. With plentiful spare capacity in the group, they were reluctant to spend more on Spring Hill. "It would have been hard to sanction spending millions on a new line when existing capacity was lying idle," says an official.

Using an established plant had various benefits. Financially, it would reduce the cost of Project Innovate, as some existing equipment could be used for the new car. The Delaware workforce also had experience building similar-sized models for other GM brands.

Opting for Delaware also showed GM was willing to help preserve jobs at existing factories rather than insisting on greenfield sites for new projects. The Wilmington plant, originally slated for closure this month, had been granted a three-year reprieve in 1994. But its long-term future was always in doubt.

Indeed, the strong uncertainty about its fate was a key factor in convincing officials from the powerful United Auto Workers union to agree Saturn-style team

working practices at Wilmington during earlier talks on a possible new model at the plant.

So choosing Delaware sent an important message to the UAW at a time of looming friction in the industry. Negotiations on the next multi-year pay deal will start shortly, amid signs of growing militancy this year.

In an ominous indication of rising tensions, GM had been forced to shut most of its factories earlier this year after a strike by UAW workers at a vital parts plant in Ohio. By putting Project Innovate in Delaware, GM probably wanted to demonstrate to other plants that greater flexibility on working practices could save jobs.

Takeover activity continues at Lloyd's

By Ralph Atkins, Insurance Correspondent

The flurry of takeover activity at Lloyd's of London showed no sign of abating last night with two more deals - including the combining of one of the largest agencies running syndicates at the market with a listed Lloyd's investment vehicle.

The deal is one of the largest in recent weeks at Lloyd's, which is undergoing a substantial restructuring and rationalisation. At Thursday's close, Masthead had a market capitalisation of \$4.47m. Masthead supports underwriting on a number of syndicates, including those run by Murray Lawrence. Masthead shares were suspended yesterday but the enlarged group's shares are expected to be re-listed.

Mr Paul Archard, managing director of Murray Lawrence, said the deal "begins the process of aligning our fortunes with those of the capital providers that support our syndicates".

Meanwhile, Cox Insurance, the Lloyd's insurance group, is in discussions to acquire Christopherson Heath, a rival agency, in a deal possibly worth up to \$40m.

If successful, Cox would balance its highly-profitable business of insuring nuclear power stations with less volatile motor and personal lines business of its target. Mr Michael Dawson, chief executive of Cox, said the takeover would create the fourth largest managing agency business at Lloyd's.

AgrEvo takes control of PGS in \$550m deal

By Wolfgang Münchau in Frankfurt

Hoechst Schering AgrEvo, the German crop protection company, is to take over Plant Genetic Systems (PGS), a Dutch-Belgian biotechnology concern, in a \$550m deal that will place the German company among the world's top plant biotechnology groups.

AgrEvo said it had fought off some of its fiercest competitors in a sealed auction. The \$550m purchase price is for a 75 per cent stake in PGS, which last year posted a turnover of only \$5m. AgrEvo said it also expected to bid for the remainder.

PGS is a research group that specialises in technologies to make corn, rapeseed and other vegetables resistant to illness, insects, or herbicides, or to improve their quality.

The company, which employs 140 staff, has its headquarters in Amsterdam and operates its research units in Ghent, Belgium. AgrEvo said PGS's Ghent operations will become a centre of its biotechnology activities.

AgrEvo was formed after a merger in 1994 of the agrochemical interests of Hoechst and Schering, the two German chemical and pharmaceutical groups.

Hoechst owns 60 per cent of the company.

Mr Gerhard Prante, chief executive of AgrEvo, said the deal would give AgrEvo "the necessary critical mass to secure us a sustainable position in the world market of plant biotechnology".

He said AgrEvo would gain technological skills, which would yield "a higher value-added for the benefit of our shareholders, our customers and our staff".

PGS said the deal would give it the financial backing of a large corporation at a time of transition from a pure research and technology group to a marketing company that sells physical products, such as seeds.

AgrEvo is known principally for its crop protection business with annual turnover of about DM3bn (\$2.02bn), which compares with revenue of only DM400m for its biotech side.

One of AgrEvo's technologies includes the genetic manipulation of plants to render them resistant to herbicides. This in turn allows the use of herbicides for the selective destruction of weeds, leaving the plants unharmed.

This technology is called Liberty-Link and is already used in Canada to produce genetically manipulated rape, also known as canola.

Project hold-up hits Bakyrchik

By Kenneth Gooding, Mining Correspondent

Shares in Bakyrchik Gold fell by nearly 10 per cent in London yesterday, from \$25p to 22p, after it said negotiations about its involvement in the Vasilkovskoye gold project in Kazakhstan were not going to plan.

Bakyrchik is part of a consortium led by Teck Corporation of Canada that had exclusive rights to reach final agreement on the development of Vasilkovskoye, which has one of the world's biggest undeveloped gold deposits. These expired on August 12 without agreement being reached.

Teck said it understood that, although the Kazakh government might negotiate with other potential bidders, it was also prepared to continue talking to the Teck consortium.

Teck and its partners paid \$5m (£3.2m) when they signed the interim licence and were due to pay another \$30m on completion of "due diligence" on Vasilkovskoye, which has 7.7m troy ounces of gold in its reserves. The Kazakh government was expected to pass this money on to Placer Dome, another Canadian company, which previously had exclusive

rights on Vasilkovskoye but pulled out. The Kazakhs missed a July deadline to repay Placer \$35m.

Mr Robert Friedland, who helped rescue Bakyrchik Gold last October when it was in danger of running out of cash for its operations at the Bakyrchik mine, said last week he intended to link the group with another of his companies, Indochina Gold, which was launched on the Toronto Stock Exchange in June. If shareholders approve, Indochina will own 26.6 per cent of the Bakyrchik. A Bakyrchik official said last night that yesterday's steep fall in the share price would not affect the proposed Indochina deal.

REPORT

BASF potash sale sparks cartel fears

By Wolfgang Münchau

The German Federal Cartel Office yesterday expressed concern over the proposed sale by BASF of its majority interest in a central German potash mining group to a Canadian company.

BASF announced on Thursday it was to sell a controlling stake in Salz und Kali, the potash and salt mine operator, to Potash Corporation of Saskatchewan (PCS) in order to concentrate on its core business of chemicals, pharmaceuticals and oil and gas.

The Federal Cartel Office said that PCS is a market

leader in the international potash business, and the acquisition could give it a dominant market position.

The Cartel Office said it was currently in talks with BASF. It also needs to be established whether the deal would be subject to national or EU cartel procedures.

BASF shares continued to benefit yesterday from the intended sale of the Kali und Salz stake, alongside the sale of BASF Magnetics, the maker of video and audio tapes. BASF shares rose 64 pence to DM43.13. Shares in Salz und Kali continued to fall, ending DM8 lower at DM197.

Protean expands with \$25m FTS Systems buy

Protean, the rapidly-expanding UK laboratory equipment and water purification group, has acquired FTS Systems, a private US manufacturer specialising in thermal conditioning and freeze drying equipment, for up to \$25m (£16m).

Initial payment is \$18m cash, followed by two annual payments of up to \$7m total depending on profits.

Protean is funding the deal through a mixture of bank borrowing and the placing of 2.03m ordinary shares at 24p. The placing will raise

\$5.1m and will be made via NatWest Wood Mackenzie.

The shares were unchanged at 257p yesterday.

FTS employs 132 staff and reported pre-tax profits of \$2.2m on sales of \$11.6m in 1995. Mr Geoff Spink, Protean managing director, said: "FTS is an important addition to Protean and enables us to continue our policy of investment in niche market specialist scientific equipment businesses with strong brand names."

سكيبان للاعمال

COMMODITIES AND AGRICULTURE

WEEK IN THE MARKETS

Coffee rally stalls

The rally in London coffee futures values appeared to have run out steam yesterday. After reaching a four-week high of £1,689 a tonne early in the day the November delivery position on the London Commodity Exchange's robusta coffee market slipped to \$1.670 at the close, down \$7 on the day but still \$81 up on the week.

A strong opening on New York's arabica coffee market, in response to news of a sharp decline in the US Green Coffee Association's warehouse stocks, failed to revive sentiment in London, where traders said trading remained very thin.

"One broker came out with around 20 lots to sell and that knocked it back to \$1.0, one trader told Reuters. That's an indication of how thin it is."

Others said the London market could be vulnerable to further downside moves on profit-taking after the recent run-up, which was attributed chiefly to a lack of sellers, rather than the weight of buying interest.

The earlier rally had pushed the price to £1,043 a tonne as speculators prepared for a possible squeeze on nearby supplies late this year and early in 1997. "New York specs have been short. I think they are now starting to cover," one trader told Reuters.

Others noted that fresh West African crop projections expected from the end of this month should give a better indication whether the 1996-97 season would see

BASE METALS

LONDON METAL EXCHANGE

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Copper, Aluminium, Lead, Zinc, Tin, Nickel, Silver, Gold.

PRECIOUS METALS continued

Table with columns: Metal, Price, Change, High, Low, Vol. Includes Platinum, Palladium, Silver, Gold.

GRAINS AND OIL SEEDS

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Wheat, Soybeans, Maize, Barley.

SOFTS

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Cocoa, Coffee, Sugar.

MEAT AND LIVESTOCK

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Live Cattle, Live Hogs, Pork Bellies.

LONDON TRADED OPTIONS

Table with columns: Option Type, Price, Change, High, Low, Vol. Includes Aluminium, Copper, Coffee, Sugar.

LONDON SPOT MARKETS

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Crude Oil, Brent Blend, WTI.

WEEKLY PRICE CHANGES

Table with columns: Commodity, Price, Change, High, Low, Vol. Includes Gold, Silver, Aluminium, Copper, Lead, Nickel, Zinc, Tin, Sugar, Barley, Wheat, Cotton, Wool, Oil.

WORLD BOND PRICES

Table with columns: Country, Bond Name, Price, Change, High, Low, Vol. Includes US, UK, Germany, France, Italy, Spain, Japan, Australia, Canada, Denmark, Greece, Ireland, Netherlands, Portugal, Sweden, Switzerland, UK Gilts, US Treasury, ECU, New Zealand.

MARKET REPORT

Most government bond markets had a buoyant day yesterday, with US Treasury yields lifted by evidence of slower economic activity and a firmer dollar, and Europe's markets underpinned by hopes of a German interest rate cut next week.

BENCHMARK GOVERNMENT BONDS

Table with columns: Country, Bond Name, Price, Change, High, Low, Vol. Includes US, UK, Germany, France, Italy, Spain, Japan, Australia, Canada, Denmark, Greece, Ireland, Netherlands, Portugal, Sweden, Switzerland, UK Gilts, US Treasury, ECU, New Zealand.

MARGINED CURRENCY DEALING

Table with columns: Currency, Price, Change, High, Low, Vol. Includes AUD, CAD, CHF, DEM, GBP, HKD, JPY, NZD, SEK, SFR, USD, ZAR.

US INTEREST RATES

Table with columns: Instrument, Rate, Change, High, Low, Vol. Includes Treasury Bills, Treasury Notes, Treasury Bonds, Municipal Bonds, Commercial Paper, Corporate Bonds, Government Securities.

BOND FUTURES AND OPTIONS

Table with columns: Bond Name, Price, Change, High, Low, Vol. Includes US Treasury, UK Gilts, German Bunds, French Bunds, Italian Bunds, Spanish Bunds, Japanese Bunds, Australian Bunds, Canadian Bunds, Danish Bunds, Greek Bunds, Irish Bunds, Dutch Bunds, Portuguese Bunds, Swedish Bunds, Swiss Bunds, UK Gilts, US Treasury, ECU, New Zealand.

FT ACTUARIES FIXED INTEREST INDICES

Table with columns: Index Name, Value, Change, High, Low, Vol. Includes UK Gilts, US Treasury, German Bunds, French Bunds, Italian Bunds, Spanish Bunds, Japanese Bunds, Australian Bunds, Canadian Bunds, Danish Bunds, Greek Bunds, Irish Bunds, Dutch Bunds, Portuguese Bunds, Swedish Bunds, Swiss Bunds, UK Gilts, US Treasury, ECU, New Zealand.

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GILT EDGED ACTIVITY INDICES

Table with columns: Index Name, Value, Change, High, Low, Vol. Includes UK Gilts, US Treasury, German Bunds, French Bunds, Italian Bunds, Spanish Bunds, Japanese Bunds, Australian Bunds, Canadian Bunds, Danish Bunds, Greek Bunds, Irish Bunds, Dutch Bunds, Portuguese Bunds, Swedish Bunds, Swiss Bunds, UK Gilts, US Treasury, ECU, New Zealand.

Other Fixed Interest

Table with columns: Index Name, Value, Change, High, Low, Vol. Includes UK Gilts, US Treasury, German Bunds, French Bunds, Italian Bunds, Spanish Bunds, Japanese Bunds, Australian Bunds, Canadian Bunds, Danish Bunds, Greek Bunds, Irish Bunds, Dutch Bunds, Portuguese Bunds, Swedish Bunds, Swiss Bunds, UK Gilts, US Treasury, ECU, New Zealand.

ENERGY

CRUDE OIL NYMEX (1,000 barrels, \$/barrel)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Crude Oil, Heating Oil, Natural Gas.

HEATING OIL NYMEX (42,000 US gal, \$/US gal)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Heating Oil, Natural Gas.

NATURAL GAS NYMEX (10,000 cu ft, \$/1000 cu ft)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Natural Gas, Crude Oil, Heating Oil.

UNLEADED GASOLINE NYMEX (42,000 US gal, \$/US gal)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Unleaded Gasoline, Crude Oil, Heating Oil, Natural Gas.

CRUDE OIL IPE (\$/barrel)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Crude Oil, Heating Oil, Natural Gas.

HEATING OIL IPE (\$/US gal)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Heating Oil, Natural Gas.

NATURAL GAS IPE (\$/1000 cu ft)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Natural Gas, Crude Oil, Heating Oil.

UNLEADED GASOLINE IPE (\$/US gal)

Table with columns: Date, Price, Change, High, Low, Vol. Includes Unleaded Gasoline, Crude Oil, Heating Oil, Natural Gas.

CRUDE OIL IPE (1,000 barrels, \$/barrel)

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HEATING OIL IPE (42,000 US gal, \$/US gal)

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COMMENT & ANALYSIS

A new enthusiasm for Dole

The Republican convention went surprisingly well but the presidential candidate still faces a long haul, says Jurek Martin

It was doubtless more accidental than planned, but the similarities between the Republican convention in sunny southern California and Mr Bob Dole's speech accepting his party's presidential nomination on Thursday night were uncanny.

Both began with low expectations, enjoyed sensational beginnings, suffered bland middle passages, and ended on upbeat, but curiously inconclusive, notes. Both talked endlessly of values but comparatively little about policy.

Take the convention first. It began with Mr Dole, its certain candidate, 20 points and more behind Mr Bill Clinton, the president, in national opinion polls and with its right and centre fighting over abortion, immigration and affirmative action for minorities. No main party had looked in more disarray since the feuding Democrats in 1972.

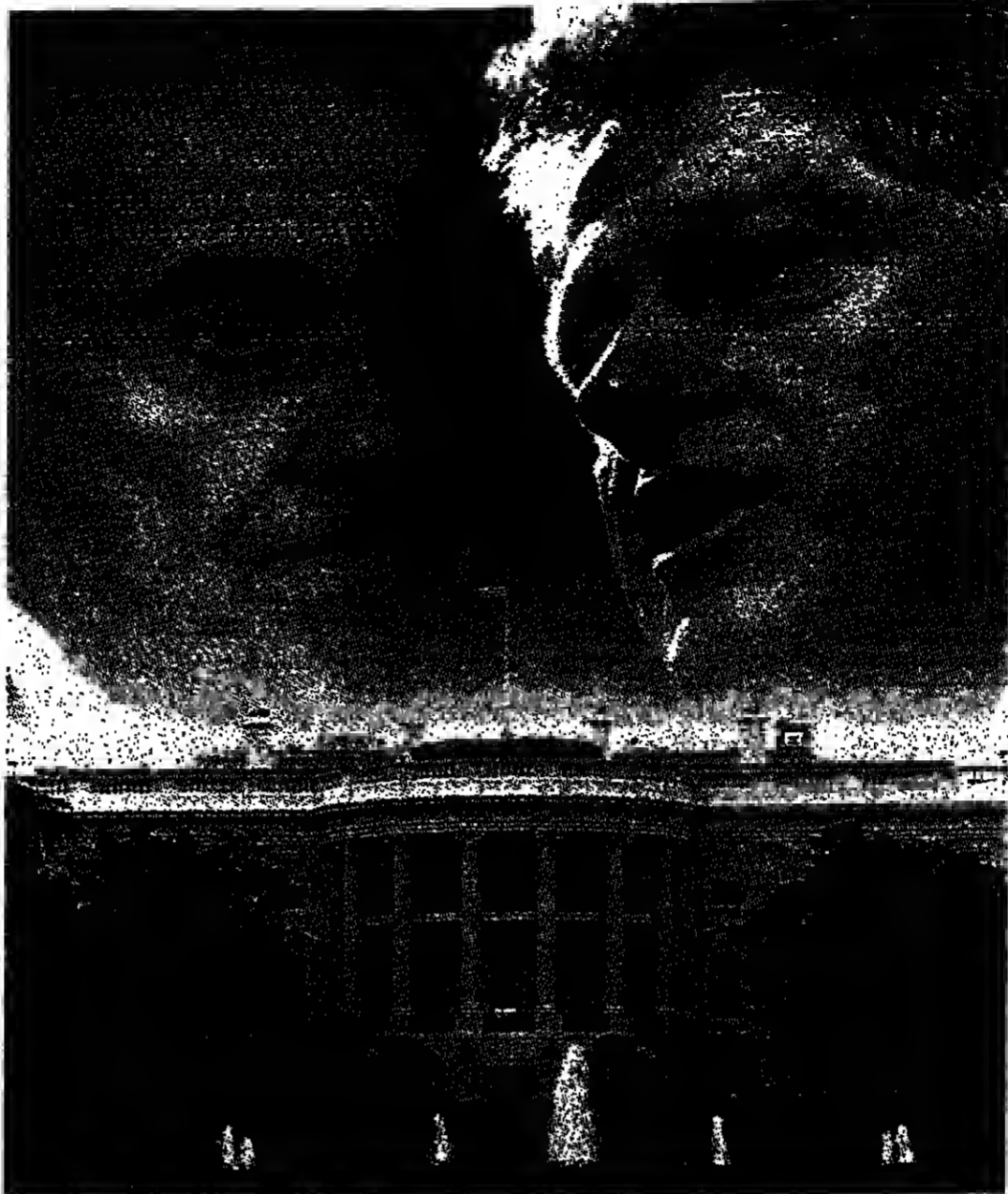
That changed, palpably, in the week before San Diego. First Mr Dole announced a tax-cutting economic programme of "growth and opportunity" that, he made clear, was going to be the platform on which he would seek the presidency. That it ran counter to his known preference for cutting deficits, not taxes, was bravely dismissed.

He then chose as his running mate Mr Jack Kemp, a tax-slashing Reaganite before Ronnie, a maverick, if you like, but long popular among conservatives. Whatever else might be said of the one-time football player, Congressman and housing secretary, he brought to the ticket an enthusiasm conspicuously lacking in the grey men in suits previously under consideration - and to Mr Dole's own campaign thus far at the grassroots level.

Convention opening night was the showcase for the best Republican recruit since Dwight D. Eisenhower in 1951 - retired General Colin Powell, whom Mr Dole had tried more than once to seduce on to the ticket. The black former chairman of the Joint Chiefs of staff did not disappoint. A memorable speech preached the virtues of the "big tent" - tolerance, inclusion, and diversity, all qualities reasonably thought to be lacking in the dominant and dogmatic religious and social conservatives who had shaped a party platform as far to the right as any since 1964.

Bob Dole and Jack Kemp, he proclaimed, were good men, exactly the sort who ought to be running the country and in whose administration, he said, he would be proud to serve, if asked.

The convention then went, objectively, flat. It dissolved into saccharine, if tightly scripted, evocations of the "American dream", predictable rounds of Clinton-bashing and glossy Republican "infomercials". These so offended the commercial TV networks that one prominent



anchorman, Ted Koppel of the ABC Nightline programme, went back to Washington in a huff, saying there was no news here. He had a point, even if a particular one. Dissent at the convention was ruthlessly excised in the interests of harmony. Moderate Republican governors - Mr Bill Weld of Massachusetts, Mrs Christie Whitman of New Jersey, Mr Pete Wilson of California - kept their pro-choice objections to the party's anti-abortion platform to a minimum.

Mr Pat Buchanan, the right-winger, also made his exit, hardly gracefully, but at least without bolting to form yet another independent party. Speaker Newt Gingrich, the favourite Democratic whipping boy, was kept mostly muzzled and his Contract with America manifesto from 1994 hardly mentioned.

Enter Mr Dole, saddled with the cliché, accurate in this case, that his acceptance speech was

the most important address he had ever given in a political career spanning four decades. He approached it, too, with low expectations. Only once, in leaving the Senate two months ago, had he shown the rhetorical ability to move even a molehill, let alone the necessary mountain against as adept a campaigner as Mr Clinton.

Again, like the convention, he began well. He did not shy from his advancing years - at 73 he would be the oldest president ever to enter the White House for the first time - with the simple sentence "age has its advantages" and the reflective one: "I do not need the presidency to make or refresh my soul."

Nor did he deny his own record. "To those who believe I am too combative, I say... it is for love of country. To those who believe I live and breathe compromise, I say that in politics honourable compromise is no sin, it is what protects us from

absolutism and intolerance." If this was proud unrepentant stuff, directed at his right wing, he then truly laid down the law by recalling the honourable principles on which the Republican party was built 35 conventions ago. "Tonight this hall belongs to the party of [Abraham] Lincoln, and the exiles, which are clearly marked, are for you to walk out of as I stand here and hold this ground - without compromise."

This is, after all, a man who, later in his address, would pointedly describe Mr Clinton as "my opponent, not my enemy", and who, in his valedictory to the Senate in June, had said of the failed liberal Democratic candidate of 1972, with whom he had worked so closely to establish the food stamps programme for the poor, "I think George McGovern is a gentleman and has always been a gentleman."

Yet somehow, after its overture in a moving, moderate key, the 55-minute Dole oratorio reverted

to the predictable and partisan type that has also always been a characteristic of his career. His targets were, naturally enough, Mr Clinton's dodging of the Vietnam draft ("right conduct" requires "a young man or woman to serve when called"), Mrs Hillary Clinton's book ("It does not take a family") and the administration both had created ("a corps of the elite who never grew up, never did anything, never sacrificed, never suffered and never learned").

It was almost as if Mr Dole had turned on its head the 1920s adage by Lincoln Steffens, the American writer, about the early Soviet Union. Although he expressed boundless optimism, the subliminal message appeared to be: "I have seen the past and it works." He sounded intentionally like a grumpy grandfather, as when he denounced contemporary "permissive and destructive behaviour", conveniently forgetting that for 20 of the past 28 years there has been a Republican supposedly setting the moral tone in the White House.

His delivery of a speech with many eloquent passages was better than had been expected but confirmed that Mr Dole, whose speaking pace rarely varies, lacks the sense of rhythm that marks out the better orators.

But, as R.W. Apple put it in the New York Times yesterday morning, "it is hard to say what more the Republicans could have done here". Mr Dole did establish control over his fractious party. He ceded to the hard-driving right-wing control over the party platform and then promptly made clear he would pay no attention to it in the campaign proper. He got Mr Kemp to recant nowheretical views favouring affirmative action and liberal immigration.

And he may have found a common Republican denominator to carry into battle against Mr Clinton in the shape of his tax-cutting, supply-side economic platform, with its eye-catching pledge "to end the Internal Revenue Service as we know it". Even if it plays into one of the president's strong suits - a healthy economy - its evocation of the greatest Republican hero of the 20th century, the ailing Ronald Reagan, can surely do no harm.

It is still too early to say how much of a polling "bounce" Mr Dole and his Republicans got out of San Diego or whether, if it was measurably high, it could survive the "reverse spin" the Democrats will apply the week after next at their convention in Chicago. The election is now just 80 days away and no incumbent president has yet lost a double-digit lead in the short-borne stretch after Labor Day three weeks from now - and this president is awfully good at stealing Republican clothes.

FINANCIAL TIMES

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Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700
Saturday August 17 1996

Monetary quadrille

In Europe's monetary game only two governments, those of Germany and France, and two central banks, the Bundesbank and the Bank of France, matter. Everybody else is a spectator. What makes the game intriguing is that it is sometimes unclear what players are trying to achieve or even what rules they are playing by. This is particularly true of Mr Jacques Chirac, French president.

Mr Chirac's ostensible objective is to secure the euro and eliminate the Bundesbank, the game's most powerful player. To achieve that aim, however, France must first pass the convergence tests of the Maastricht treaty.

The French aim has been to lower the general government financial deficit from 5 per cent of gross domestic product last year to 3 per cent in 1997. But in June the Organisation for Economic Co-operation and Development forecast that France would only reduce its deficit to 3.7 per cent in 1997. Further measures have been taken since then, but they may not be enough. France may still fail to achieve the euro prize without German goodwill.

The problem is slow economic growth. In the year to the first quarter of 1996 the French economy expanded by a mere 0.9 per cent. Last year the government forecast the economy would grow 2.8 per cent this year. In March the forecast was cut to 1.3 per cent. The likely outcome is below 1 per cent. What makes the slowdown so disheartening is that the average annual rate of growth of the French economy has been barely over 1 per cent in the 1990s. It is little wonder that Mr Alain Juppé, the prime minister, is struggling to put the French government's financial house in order.

Sole instrument

Since nominal domestic demand grew only 2.4 per cent in the year to the first quarter of 1996, the obvious solution would be to stimulate it strongly. With fiscal policy being tightened, monetary policy is the sole instrument left. Mr Chirac thinks so, too. That is why he told the people on Bastille Day that France needed lower interest rates.

As the president knows, the French central bank is not merely not obliged to listen to him. It is obliged not to listen to him. He must also know that the French interest rates are very close to German levels. Yields on long-term bonds are virtually

identical in the two countries, while the French official short-term rate (the intervention rate) is a mere quarter of a percentage point above the German repurchase (or "repo") rate. Mr Jean-Claude Trichet, the governor of the central bank, could reduce short-term rates below German levels. But this would be a risky move. Everything in his past record demonstrates he will not take it.

Powerful neighbour

So all that Mr Chirac has apparently achieved is to shake the confidence of the markets in his country's policies. This has put pressure on the French franc, thereby reducing the likelihood of the cuts in short-term interest rates he wants.

Did this outburst merely reflect the frustration a Gaullist must feel over the helplessness not just of his country before its powerful neighbour but of the French government before its banker? In fact, it may have two other more rational purposes; as a piece of self-exculpation before the French electorate and as a warning to the Germans - particularly the Bundesbank - that they must not take France for granted.

Instantly for Mr Chirac, this bluff is likely to be called. The Bundesbank may cut its repurchase rate a little next week. But its underlying attitude to the calls for lower rates was explained with masterly simplicity by its chief economist, Mr Otmar Issing, this week. "If morale in Germany hinges on the Bundesbank cutting the repo rate by 10 or 20 basis points, then things are pretty dire," he said.

In this one sentence, Mr Issing reminded everyone, first, that the Bundesbank's concern remains Germany; second, that any cut in interest rates will be irrelevantly small; and, third, that the Bundesbank does not accept the view that its policies are to blame for the weakness of the German economy. Whether or not Mr Issing is right, his message for France is clear: Mr Chirac will receive no rescue from across the Rhine.

The game goes on. But Mr Chirac has not made winding it for France any easier. On the contrary, quite apart from scaring the markets more than he has dared the central banks, he has done something that may prove still more foolish: reminded the Germans that the French view of central bank independence remains very different from theirs.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

We are keen to encourage letters from readers around the world. Letters may be faxed to +44 171-873 3338, a e-mail: letters.editor@ft.com. Full letters are also available on the FT web site, <http://www.ft.com>. Translation may be available for letters written in the main international languages.

The shape of future development at St Mary Axe has not yet been settled

From Mrs Barbara Newman.
Sir, I would like to take this opportunity to reassure your readers that the shape of any future development at St Mary Axe is far from settled ("Sky-scraper is planned for Baltic Exchange site", July 24).
As the planning authority for the City of London, the Corporation of London has yet to receive any formal application for development on the former Baltic Exchange site. Any large-scale construction scheme, be it a tower block or other style of development, brings with it a

multitude of factors that must be carefully considered as part of the planning process.
As a conscientious and professional planning authority, the Corporation of London would be failing in its duty if such a vital mechanism were side-stepped or short-circuited.
While the Corporation is keen to encourage building developments which benefit the financial heart of London, the full planning process is always followed and planning policy adhered to whatever the proposed scheme.
With the Corporation now deal-

ing with more planning applications than at any time since the late 1980s, we welcome all proposals that will contribute to keeping the City an interesting and vibrant place in which to live and work, and look forward to receiving many more large-scale planning applications in the future.

Barbara Newman, chairman, planning and transportation committee, Corporation of London, Guildhall, London EC2P 2EJ, UK

Measure of academic achievement

From Mr Mike Freedman.
Sir, Your leader ("A failed exam", August 15) on the issues surrounding the debate on the continuing suitability of A-levels as the measure of academic achievement, refers to the lament by employers that university graduates do not have the skills required in the work place. The first step to solving this is to advocate raising the entry level for university entry to a larger number of A-levels and AS-levels.
Sadly, this misses the real point which is the nature of what is actually taught in our schools and universities regardless of age and intellectual ability. Until there is considerably more focus on the real skills needed in work, especially from those in executive, managerial and professional roles, then the issue will remain unresolved.
Even sadder is the fact that

there is little understanding throughout the educational establishment of what these skills are.
Our experience around the world, working with large blue-chip companies training thousands of their staff has demonstrated time and again that certain core skills are fundamental to becoming an effective employee. Not only do these last a lifetime but they are the foundation for the type of content-based learning of specialised subjects that is characterised by post-16 education.
Such skills include problem-solving and decision-making, project management, leadership, priority setting, appraisal of both situations and people and related process skills that are generic to every company, industry and function.
All the tinkering in the world

with the mix of A-levels and the quantity that is regarded as acceptable will not address the real issue of preparing people for work. Until the curriculum is properly reassessed with the needs of the work place as paramount criteria in the recasting of what is taught, we will not achieve competitive status in world markets.

Some of the research and experiments in which our company is involved with several school districts in the US are yielding excellent results. Perhaps our educators should follow this example.

Mike Freedman, executive vice-president and partner, Kepner-Tregoe, 13-15 Victoria Street, Windsor, Berkshire SL4 1EB, UK

Chianti commands respect

From Mr Pietro Marchetti.
Sir, I was amused by your note (Observer, August 9), where it is inferred Chianti, Frascati and Lambrusco are "less-than-fine" wines.

It is a typical remark from a people that, not being able to make their own wine and drink it with every meal, pride themselves on being wine connoisseurs and look down on all that is considered "cheap".

In my opinion, as far as the above-mentioned wines are denigration of origin protected, there is nothing wrong with them.
We in Italy have wines for every occasion and, just as I doubt I will ever uncork a costly Brunello di Montalcino bottle for my everyday pasta dish, I think there is nothing better than a bottle of DOC Lambrusco to go with my tortellini, a speciality of the region where Lambrusco is produced (Emilia).

What Britons do not seem to understand is that in Italy - thank God - we have hundreds of wines, regional dishes, cheese varieties, sweets, liqueurs, sausages, etc. that are typical of certain areas of the country.
This - alongside works of art - is our richness.

Pietro Marchetti, Via Castel Morrone 1/a, 20128 Milan, Italy

The Financial Times plans to publish a Survey on

Reinsurance

on Monday, September 9.

This survey will report on the most significant issues facing the industry, particularly the effect of downward pressure on rates and the knock-on effect this is having on underwriters. It will also provide readers with a regional view of the market, covering Lloyd's of London, Continental Europe, the USA, the developing markets and a report on the rapid growth of Bermuda as a host to some of the industry's major participants.

For further information please contact

William MacLeod

on Tel: 0171 873 3688 Fax 0171 873 4296

FT Surveys

سكس من الاجل

صديقا من الاعمال

Man in the News - Vladimir Potanin

Unbuttoned capitalist

John Thornhill on the 35-year-old ruining the Russian economy

M Vladimir Potanin, the commercial banker who has just been put in charge of the Russian economy at the age of 35, has already built his Oneximbank into one of Russia's most powerful financial and industrial groups.

1992, gathered around him a group of like-minded, middle-aged, male apparitionists, who made their careers in the Soviet era but were smart enough to grab on to Mr Yeltsin's coat-tails at the right time.

Then worked for seven years at the foreign trade ministry. But when the Soviet Union collapsed Mr Potanin had both the instincts and the energy to grab the opportunities emerging in the rapidly developing private sector.

backed by the International Monetary Fund. But he will also supervise privatisation and anti-monopoly policy and help drive through much-needed micro-economic reforms.

re-election campaign. To the Russian establishment, Mr Potanin was simply the most eligible candidate among the loyal bankers, thanks to his unparalleled networking skills and the fact that he is not Jewish.

world's highest nickel producer and 51 per cent of Sidanco, which is sitting on huge oil reserves in the Russian far east. Oneximbank will have to work hard to blend its financial skills with these industrial assets to realise their full value.



For a country obsessed with protecting its language and culture from Anglo-Saxon vulgarity, France has been remarkably lax about the quality of its television.

Sex and soap

Andrew Jack on the move in France to take the ooh-la-la out of television



France last year. M6 even recorded a command to "finish him off" at the start of the film, but edited it out before it was broadcast.

Rise of English football's new elite

Some players will get rich, but the rest may be left behind, says Patrick Harverson

Sheffield Wednesday were last week close to clinching the biggest signing in the football club's history - the £3.7m transfer of Italian winger Attilio Lombardo from Juventus.



However, at the last minute the deal collapsed when the club was unable to meet the £1.7m annual salary demanded by the player.

stars," he says. "Football is perceived as part of the entertainment industry and we have to provide what the people want."

Mr Alain Woodrow, a long-time television critic for Le Monde, has written that the recent retirement means he no longer has to watch so much television.

alleged oppression of Mr Patrick La Lay, TFI's chairman, with "sex, sex and sex" on his channel touched a popular nerve - and a raw one with him: he threatened legal action.

But the CSA's new contract terms with TFI and the private M6 channel include tough new ethical guidelines on the honesty of information, the portrayal of violence, and respect for individuals' private lives.

Jordan, the Chicago Bulls basketball star, read Eric Cantona of Manchester United. Both can demand almost what they want because each is the best in his field.

means English clubs can afford to hire the best. Changes in the football transfer system following last year's ruling by the European Court of Justice - which stopped clubs from charging transfer fees on out-of-contract players moving abroad - have also had a big impact.

where they are heading. And such is the public's - and particularly television's - demand to see the best, the clubs cannot afford to let the stars go, even if the price of keeping them is steep.

Mr Brian Richardson, chairman of Coventry City, which this summer signed Scottish captain Gary McAllister for a relatively modest £15,000 a week, says clubs have little choice but to pay superstar wages.

Peter Martin on the difficulties of choosing between Microsoft and Netscape software for the World Wide Web

Battle of the Internet browsers

Our eyes have seen the glory of the coming of the Nets. We are rearing up our market share, objections will be met. Soon our browser will be everywhere, you can't see nothing's yet. We embrace and we extend!

This week Microsoft introduced Internet Explorer 3.0, its new browser (the type of software with which users access the Web). Netscape, a much smaller company but leader in the market, launches the latest version of its browser, Navigator, on Monday.

Each side claims its product is the fastest, most powerful, most compatible. Each is signing up mighty allies to Microsoft's cause. Internet service providers and the publishers of Web content in Netscape's case the big companies which have adopted its software as standard.

market share and Web credibility (it is estimated that four-fifths of all browsers in use are Netscape ones). Now, Microsoft is starting to attack.

even has a slight edge by offering "whiteboarding", the ability for users thousands of miles apart to pore over and mark up a shared spreadsheet or document. Netscape's strong point is a more mature sub-program to handle e-mail and discussion groups. Verdict: pretty much a draw.

Microsoft now runs third-party accessory programs, or "plugins", designed to work with Netscape. Both run mini-programs written in the fashionable Java language that put animations on users' screens. Verdict: for most users, there's not much to choose between the programs. But, with a much bigger market share, Netscape now sets the standard for compatibility.

Verdict: for real Microsoft-haters, the answer is easy. For the rest of us, it is more evenly balanced. Still, the rapid improvements brought about by the competition show the benefits of having two companies in the field. Even those people who prefer the Microsoft program will benefit from keeping the competition with Netscape needle-sharp.

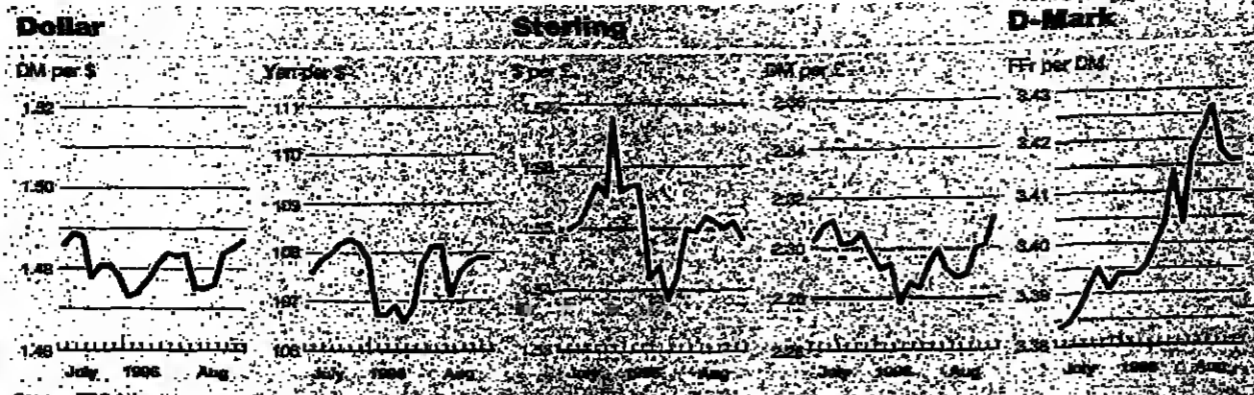
CURRENCIES AND MONEY

MARKETS REPORT

Marking time

By Richard Adams

A quiet trading week closed in Europe yesterday, with the D-Mark falling against the US dollar and the yen as traders awaited monetary policy moves on both sides of the Atlantic next week. With important interest rate-setting meetings starting in Washington on Tuesday, when the Federal Reserve's Open Market Committee begins meeting, and in Frankfurt on Thursday, when the Bundesbank council sits, markets were subdued. The mood was helped by a long weekend in some European countries. Evidence that German bunds were trading at below the current Bundesbank repurchase rate of 3.30 per cent suggests that most - but by no means all - participants in the bond market expect the Bundesbank to cut its repo rate on Thursday. But this sentiment was not as clear in the currency market, where a cut in the repo rate would probably aid other European currencies. The only major movement on the day was between the dollar and D-Mark. The dollar strengthened against the German currency, closing the day in London worth DM1.4935, having been worth DM1.4866 after the previous day's trading.



points, to Pta84.47 from Pta84.59 per D-Mark. The kroner was up to SKr4.446, from SKr4.362. Sterling was unaffected by the good public sector borrowing requirement figures for July, released yesterday. The pound fell against the dollar, after being \$1.506 on Thursday, to \$1.5483 yesterday. The yen was stable against the dollar, at 107.890 from 107.825.

bank, turns 65 tomorrow, having been head of the bank for nearly three years. A high-profile reception is being planned at the bank on 25 August. Mr David Marsh, of Robert Fleming Securities in London, thinks Mr Tietmeyer "has no desire to spoil the party atmosphere by being blamed for a new franc crisis."

Mr Marsh and many other analysts think that the bank may cut the repo rate on Thursday, although they disagree about the likely effects of a cut. "In view of persistent doubts about the Euro timetable, a rate cut next week will do little to head off another D-Mark-franc currency war," says Mr Marsh. "That view agrees with Mr Nick Parsons, of Paribas Capital Markets, though Mr Parsons thinks the Bundesbank may not cut rates even if the signal M3 money supply figures fall. The immediate danger for the franc will come if the bank fails to swiftly explain why it did not cut rates on Thursday."

Meanwhile, analysts at Goldman Sachs put chances of a rate cut soon at higher than 50 per cent, on their view that German policy on interest rates is based on the difference between the output 'gap' (the difference between actual and potential real gdp), and the inflation 'gap' (the difference between actual and target inflation). The UBS Bundesbank Watch is a little more cagey: "Best bet might still be to go for no change."

Table with 3 columns: Aug 16, 15 days, 30 days. Rows for various currencies like Euro, Yen, etc.

POUND SPOT FORWARD AGAINST THE POUND

Table showing Pound Spot Forward Against the Pound with columns for Aug 16, Closing mid-point, Change on day, Bid/offer spread, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot Forward Against the Dollar with columns for Aug 16, Closing mid-point, Change on day, Bid/offer spread, etc.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing EMS European Currency Unit Rates with columns for Aug 16, Rate, Change on day, etc.

CROSS RATES AND DERIVATIVES

Table showing Cross Rates and Derivatives with columns for Aug 16, Bid, Offer, etc.

UK INTEREST RATES

Table showing UK Interest Rates with columns for Aug 16, One night, One month, etc.

BASE LENDING RATES

Table showing Base Lending Rates with columns for Bank Name, Rate, etc.

WORLD INTEREST RATES

Table showing World Interest Rates with columns for Money Rates, LIBOR FT London, etc.

EURO CURRENCY INTEREST RATES

Table showing Euro Currency Interest Rates with columns for Aug 16, Bid, Offer, etc.

THREE MONTH EURO CURRENCY FUTURES (LIFFE) DM1m points of 100%

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UK INTEREST RATES

Table showing UK Interest Rates with columns for Aug 16, One night, One month, etc.

THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

Table showing Three Month Sterling Futures (LIFFE) £500,000 points of 100%

PHILADELPHIA SIX 6/8 COTTONS (ICE) 2500 cents per pound

Table showing Philadelphia Six 6/8 Cottons (ICE) 2500 cents per pound

EURO CURRENCY OPTIONS (LIFFE) DM1m points of 100%

Table showing Euro Currency Options (LIFFE) DM1m points of 100%

OTHER COUNTRIES

Table showing Other Countries with columns for Country, Rate, etc.

UK CLEARING BANK BASE LENDING RATE

Table showing UK Clearing Bank Base Lending Rate

THREE MONTH STERLING OPTIONS (LIFFE) £500,000 points of 100%

Table showing Three Month Sterling Options (LIFFE) £500,000 points of 100%

BASE LENDING RATES

Table showing Base Lending Rates with columns for Bank Name, Rate, etc.

EURO CURRENCY OPTIONS (LIFFE) DM1m points of 100%

Table showing Euro Currency Options (LIFFE) DM1m points of 100%

Advertisement for the Republic of Albania General Directorate of State Reserves, including an invitation for bids.

Advertisement for 'THE BANKER' featuring a large '1000' graphic.

Advertisement for 'FUTURES - TAX FREE' and 'OFFSHORE COMPANIES'.

Advertisement for 'FUTURES & OPTIONS' and 'Market-Eye'.

Large vertical advertisement for 'UNIT TRUSTS' and 'WESTMENT'.

UNIT TRUSTS

WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. Source: HSW (01625 511311)

Table with multiple columns listing unit trusts and their performance metrics. Includes sections for UK Growth, UK Growth & Income, UK Smaller Companies, UK Equity Income, UK Equity & Bond Income, UK General, UK Capital Growth, UK Income Growth, UK Commodity & Energy, UK Far East, UK International, UK Money Mkt, UK Investment Trust Units, UK Fund of Funds, UK Financial & Property, UK Futures & Options, UK Nth America, UK Europe, UK Japan, UK Far East inc Japan, UK Far East exc Japan, UK Commodity & Energy, UK High Income, UK Split - Capital, UK Split - Income and Residual Capital, UK Split - Income, UK Split - Zero Dividend, UK Property, UK Int Cap Gth, UK Int Income Growth, UK North America, UK Continental Europe, UK Pan Europe, UK Japan, UK FE inc Japan, UK Far East exc Japan, UK General, UK Emerging Markets, UK Commodity and Energy, UK High Income, UK Split - Capital, UK Split - Income and Residual Capital, UK Split - Income, UK Split - Zero Dividend, UK Property.

INVESTMENT TRUSTS

WINNERS AND LOSERS



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust prices see main paper.

Table with multiple columns listing investment trusts and their performance metrics. Includes sections for UK General, UK Capital Growth, UK Income Growth, UK Commodity & Energy, UK Far East, UK International, UK Money Mkt, UK Investment Trust Units, UK Fund of Funds, UK Financial & Property, UK Futures & Options, UK Nth America, UK Europe, UK Japan, UK Far East inc Japan, UK Far East exc Japan, UK Commodity & Energy, UK High Income, UK Split - Capital, UK Split - Income and Residual Capital, UK Split - Income, UK Split - Zero Dividend, UK Property, UK Int Cap Gth, UK Int Income Growth, UK North America, UK Continental Europe, UK Pan Europe, UK Japan, UK FE inc Japan, UK Far East exc Japan, UK General, UK Emerging Markets, UK Commodity and Energy, UK High Income, UK Split - Capital, UK Split - Income and Residual Capital, UK Split - Income, UK Split - Zero Dividend, UK Property.

Glossary

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future... Trap 2: don't make subtle comparisons of unit and investment trusts... Trap 3: the unit trust figures take account of the spread between buying and selling prices... Trap 4: investors who can afford to take a long-term view may want to have some high risk/high reward trusts in their portfolio to spice it up.

Shake-up of trusts continues. The Association of Unit Trusts and Investment Funds has completed the latest stage in its wide-ranging review of unit trust categories. Many funds have been reclassified and will be compared from September against a different basket of funds, writes Krishna Guha. Antix is setting up a new global emerging markets sector, comprising funds which invest in emerging markets "without geographical restriction". Single country or regional funds will continue to be classified as international growth funds. Antix is abolishing the convertibles sector, merging it with the gilt and fixed interest sector. The Australian sector also disappears, with some Australia funds joining the Far East ex-Japan sector. Australia funds investing in primary industries such as mining join the Commodity and Energy sector. One new category is being created - a bear sector composed of funds "designed to inversely track the performance of an index by utilising derivatives". These funds go up when a given sector goes down, and vice versa. The association also announced that two funds - Capel Cure Myers Income Growth and Lloyds Bank UK Equity Income - are to be removed from the UK Equity Income sector. They failed to meet the required income yield and have been reclassified as UK Growth and Income.

Authorised Unit Trusts FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 177) 873 4978 for more details.

AUTHORISED UNIT TRUSTS

Table listing various unit trusts under the heading 'Authorised Unit Trusts'. Columns include trust names, managers, and performance metrics.

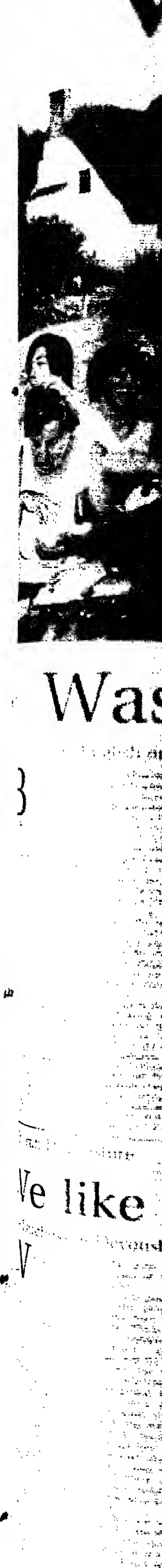
Table listing various unit trusts under the heading 'FT MANAGED FUNDS SERVICE'. Columns include trust names, managers, and performance metrics.

Table listing various unit trusts under the heading 'MIFUND UNIT TRUST MANAGEMENT LTD'. Columns include trust names, managers, and performance metrics.

Advertisement for 'Developments and opportunities in Eastern Europe'. Includes sub-sections for 'EAST EUROPEAN MARKETS', 'FINANCE EAST EUROPE', 'EAST EUROPEAN INSURANCE REPORT', and 'EAST EUROPEAN BUSINESS LAW'. Contact information for FT Financial Publishing is provided.

Table listing various unit trusts under the heading 'Global Asset Management (2000)'. Columns include trust names, managers, and performance metrics.

Advertisement titled 'Guide to pricing of Authorised Unit Trusts'. Explains initial charges, historic pricing, buying prices, and other factors related to unit trust investments.



Handwritten text at the bottom center of the page: 'صندوق الاستثمار'

Weekend FT



Photography by: Veriflex/Corbis Press/Alan Deutsch/Magnum Photo. Montage by: Phil Thompson

Wasps in the sandwiches

The English on holiday made John Betjeman cringe. He should see them now, says Justin Cartwright

Betjeman was a cunning little wasp. Because he shared them and even cringed in them, he was able to play the fears and prejudices of the English middle class with a delicate touch.

At the heart of middle-class life in England is the belief that things were better once, and that once was before the rise of the working class and particularly the phenomenon of the mobile working class first spotted in the 1960s.

It was fine to toot-toot down the lanes of Cornwall in the days when your Dalvaunay Belleville was the only car for miles around. It was fine to swim on beautiful beaches before the mallee had become acquainted with water, either in the home or at the seaside. And it was particularly fine to stroll around Oxford smoking Balkan Sobranies and celebrating one's unique self.

Betjeman's successors - now leading the Volvo with

bodyboards and wet suits and heading for north Cornwall - have been seduced by the idea that this English life can be recreated. So what if the rented bungalow at seven hundred a week has a hideous slate fireplace and purple flowered carpets? So what if Polzeath beach, where Betjeman used to thrill as the breakers threatened his little ankles, is now a heaving, chip-scented car park, the waves a seal colony of flabby people trying to surf among the plastic bags? So what if the effluent from Padstow sometimes washes up on the beach where Betjeman used to picnic?

This is the *echt* seaside; it is bracing, it is breezy, and above all it is Betjemanesque. As with boarding school, its discomforts are inexplicably beneficial.

Betjeman, like the National Trust, represents English standards, although it is perhaps not clear to those who enjoy the scented honeys and dried flowers, that the National Trust was

set up not all that long ago as a response to the coarsening of English life.

It is true, however, that the National Trust has saved some of Betjeman's Cornwall from total disaster. The cliffs along Pentire Head and around Port Quin, and the coastal paths and little coves (the bays, not the locals), celebrated by Betjeman are magnificent and provide a buffer zone against the Cornwall Betjeman described in later years as "... a pathetic sight, raddled and put upon and tired, and looking somewhat over-bored".

But what are the English standards that Betjeman represents these days? There are people who believe that the royal family is, in some way, hindering the onward march of the zeitgeist. The argument runs that if we did not have an institution like the monarchy, an anachronistic promoter of division and snobbery based on class values, Britain would become more progressive, outward-looking and less class conscious.

The problem is that the monarchy is seen by many as a link to a more stable and secure age. Betjeman in his own fashion serves exactly the same symbolic role. Betjeman sanctioned the seaside, amateurism, discomfort, beatings by nanny,

It is an essential part of the Betjeman show to revel in the pain at the decline of the country

distaste for fancy food, revulsion against trade, a guilty admiration for aristocratic values and contempt for the common man.

But the common man has proved quite protean. He has escaped from the straitjacket by becoming an enthusiastic

consumer, a know-nothing redneck, precisely because the class system encouraged by Betjeman and Co - a system enthusiastically reinforced by the ideologues of the left - did not allow him to become a bourgeois in the time-honoured way.

Betjeman could not wait to escape the Highgate bourgeoisie. He cultivated all the things the "heartly middle-stumpers" despised. Now the hearty middle stumpers are cultivating Betjeman, the bard of a recent and wholly imaginary golden age whose outline they believe they can still see.

Outside Rick Stein's pleasant restaurant which looks out on to Padstow harbour the lumpen proletariat mill around suspiciously in their assertive but ill-assorted leisurewear, a packet of crisps and a can of Coke at the ready. Inside the restaurant, the metropolitans, all of them carrying a few lines of Betjeman in their heads, scarf langoustines with rocaille and seared tuna with truffle oil, and discuss

whether their children are going to get started GCSEs. The contrasts of modern Britain are indeed graphic. Of course, their children are getting drunk in the Mariners Arms and don't give a toss about Betjeman.

But still the old fears are being burnished and chiselled and polished, like one of the Betjeman family firm's tanzanites.

Rick Stein has in fact broken the mould: for the first time it is possible in this area to get the sort of food French people take for granted.

In most regards, however, it is harder now to ignore the deterioration of the delectable duchy than it was in Betjeman's day. But it is an essential part of the Betjeman lantern show to revel in the delicious pain at the decline of the country. This is the distinction and the fun of being middle class. And of course, the poet laureate of snobbery has laid down the ground rules of this pastime.

And foreground to the

hanging wood
Are toilets where the cattle stood
And mint and meadow-sweet would scent
The brambly lane by which we went
Now as we near the ocean roar
A smell of deep-fry haunts the shore
In pools beyond the reach of tides
The Senior Service container glides
And on the sand the surf-tine lissps
With wrappings of potato crisps
This is hardly great poetry, but it demonstrates

Continued on Page 11

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Deborah Devonshire

We like strangers in our house

The Duchess of Devonshire explains why her family keeps an open door at Chatsworth, Derbyshire

Who are tourists? What are they? You, me, friends, relations, most of the people we know and millions we don't. do we tour? What makes people come to Chatsworth?

It is no new phenomenon. The house has been open for people to see round ever since it was built. In the late 18th century the table was laid on "Open Days" for anyone who wanted dinner.

In 1849, the railway reached Rowley, three miles away, and brought 80,000 people to go round the house and garden that summer. The Duke gave instructions that "the waterworks be played for everyone, without exception".

Huge crowds visited Chatsworth at the turn of the century at Bank Holiday weekends. The tour of the house and garden was free until 1906 and after that the fee - one shilling for adults and sixpence for children - was given to the local hospitals. It was not until 1947 that revenue from the visitors went towards the upkeep of the house and garden.

I have listened and talked to the people who have come here for nearly 60 years. The points of interest have changed, but the place has not - there is no fun fair and no entertainment except the house and its contents. The same goes for the garden. Perhaps that is why only the genuinely interested come. Vandals and litter are not problems.

Forty years ago a regular remark from women seeing the vast fireplaces in the state rooms was "look at all that black leading". Few women under the age of 70 know what black leading is now.

They are still astonished by the size of the house. A girl who complained about the price of a ticket, saying she didn't like paying so much to see a few old-fashioned rooms, reached the end of the tour and said: "I'm knackered. Bring me a chair".

Attitudes towards places such as Chatsworth have changed completely in the last 50 years. After the war there was a strong feeling against privately owned big houses and estates.

In spite of this people came, if only to criticise. The government's penal taxation laws were gleefully undermined by local government officials who did their best to make things difficult.

A typical instance was the vociferous lobby, instigated by Charlie White, the socialist MP for West Derbyshire and chairman of Derbyshire county council, to bring the A6 through the park a few yards from the house - an idea which would be unthinkable now.

The public has led the change in attitudes - conservation and preservation are all the rage and you are suddenly a hero for keeping the roof on; the cries of "pull it down" from the 1960s and 1970s are long forgotten.

In 1976 the Duke of Bedford wrote a very funny letter to The Times about Woburn. He concluded that "... the average person comes to historic houses because he has bought a car and needs to drive somewhere in it. The number that come for real enlightenment and knowledge are so few that it is distressing."

Twenty years on people glimpse of someone's front door makes it an object of pilgrimage and crowds flock to see the hallowed spot.

A house lived in by the descendants of the family who built it is thought to be more interesting than one belonging to a government department or other organisation, however well presented. There is keen curiosity about the incumbents.

American visitors find it impossible to believe that anyone actually lives in this Derbyshire Disneyland. Children ask "Have they got satellite telly? Do they wear crowns? Was the duchess an air hostess?"

They are shocked by Laguerre's naked figures on the painted ceilings and think them out of place in such a posh house.

I am often asked if we mind the lack of privacy during the open months. On the contrary, I should mind if no one came. Chatsworth needs people to bring it to life.

We are lucky in that the place is so big there is room for all. It is so well built that when the state rooms are full of visitors you can sit in our rooms below unaware there is anyone about. When the house re-opens every spring it is intensely pleasing to be able to show people the results of our winter's work.

Some visitors make surprising statements. There is a portrait of me by Lucian Freud, painted when I was 34. It is said to be not exactly flattering. A woman said in a gloomy voice: "That's the dowager duchess." Then, even gloomier: "It was taken the year she died."

A man, looking at Sargent's picture of the Acheson Sisters in their exquisite long white dresses of the *belle époque*, said to his wife: "Those are the Mitford girls."

It is extraordinary to think two of them are still alive. It certainly is. It was painted in 1901.

And I didn't know whether to be pleased or sorry when someone said to a warden: "I saw the duchess in the garden. She looked quite normal, really."

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PERSPECTIVES

The Nature of Things

Living in the primordial soup

Clive Cookson looks at the way molecules could have evolved on the young Earth or Mars

Last week's claim that signs of ancient Martian microbes had been detected in a meteorite has re-focused attention on the way life might start in the "primordial soup" of chemicals on a young planet.

Most scientists say the vital step must be the emergence of a simple self-replicating molecule, which assembles new copies of itself from building blocks in the chemical soup. Imperfections in the replication process produce many variants of the molecule, some of which are better suited than others to prevailing conditions. The result is evolution, in the Darwinian sense, leading to increasingly complex molecular assemblies - primitive microbes.

But there is no scientific consensus on the identity of the first self-replicating molecule or the way it might have formed.

The favourite candidate is ribonucleic acid (RNA), a molecule that plays a key role in all contemporary life. RNA is a close

scientific cousin to deoxyribonucleic acid (DNA), the double helix molecule that stores genetic information.

In almost all modern organisms, RNA acts as an intermediate in the translation of genes into proteins - the molecules that do most of the work in biological systems. DNA is copied into RNA, which then produces proteins. But in a few viruses, including HIV, RNA itself stores genetic information.

The theory that life began with an "RNA world" received experimental support in 1993, when Thomas Cech at the University of Colorado showed that RNA could not only store information

but also act as an enzyme, catalysing its own formation from nucleic acid building blocks.

According to this scenario, the original short RNA molecules, which had formed by chance from nucleic acids in the primordial soup, would gradually have grown longer and become more efficient catalysts under the pressure of natural selection. They would have developed chemical associations with other molecules, notably proteins, and formed cell walls. Later the proteins would have taken over the catalytic role, because they are more efficient enzymes, and DNA would have become the store of genetic information

because it is chemically more stable than RNA.

Opponents of the RNA view say there is no evidence that all four of the nucleic acids required to build RNA would have been present in the primordial soup - and even if they had been, there would not have been enough energy to start assembling them into RNA.

There are other candidates for the original self-replicating molecule. One is peptide nucleic acid, a molecule with a protein-like backbone and nucleic acid side chains, which could later have been replaced by RNA.

Another exciting possibility was suggested by a paper in last

week's Nature, which was overshadowed by all the publicity about Martian microbes. Reza Ghadiri and colleagues at the Scripps Research Institute in California showed for the first time that a short protein molecule - a peptide - could replicate itself. As Stuart Kauffman of the Sante Fe Institute wrote in Nature, their result "may prove to be either a mere chemical curiosity, or seminal".

The idea that peptides could have been the first molecules of life is appealing to scientists, both because proteins are so important today and because their building blocks - amino acids - are likely to have been

present in the primordial soup.

In 1953, Stanley Miller and Harold Urey carried out a famous experiment at the University of California, San Diego. They simulated the atmosphere of the young Earth by mixing water, methane, ammonia and hydrogen in a large flask, and then discharged electricity through it to mimic lightning. This produced small amounts of amino acids - and caused a sensation comparable with Watson and Crick's discovery of the DNA double helix the same year.

Although Charles Darwin had conceived the idea of life starting in some sort of primordial broth, the Miller-Urey experiment

launched prebiotic chemistry as a respectable field of study.

Since then, amino acids have been detected in tiny quantities in meteorites and moon rock and even (through spectroscopic analysis) in outer space. Indeed the idea that Earth's primordial soup was "seeded" with organic molecules from space is gaining scientific respectability, though it is still a minority view.

However, soup may not be the best analogy. Recent experiments by Leslie Orgel and colleagues at the Salk Institute in California show that the formation of long molecules - built from either nucleic acids or amino acids - is far more likely to take place on the surface of clays or minerals than in a liquid broth. They confirm an idea put forward 50 years ago by J.D. Bernal, the great British crystallographer. As Nature put it, the polymers of life were more likely to have been baked like prebiotic crêpes on a hot stone than cooked in a prebiotic soup.

Minding Your Own Business
Addicted to the sweet life

Nicholas Lander on a one-man, home-cooking success story

Four years ago Philip Weldon, 36, was selling flets and houses in north London. In June this year he stood in the food hall of Fortnum & Mason, Piccadilly, to deliver two demonstrations to packed audiences on "English Cheesecakes".

Other milestones in the history of The English Cheesecake Company, which produces 8,500 desserts a week with a staff of four, generating a turnover moving towards £500,000 and gross profits of 25 to 30 per cent, include a few months when Weldon made cheesecakes from home and a spell when he rented kitchen space in a nearby delicatessen.

It was after he convinced Selfridges' food buyer that his one-man operation would be able to meet their orders that his business took off. Now Weldon's customers include the Richoux cafes, Fortnum & Mason and, most important for the company's cash flow, the rapidly expanding Prêt à Manger chain.

This firm, which operates 50 up-market sandwich sites around London and plans to open a further two a month, takes 90 per cent of Weldon's weekly output and enabled him to segment his product range. What began as two flavours of cheesecake to serve 10 has diversified into seven different flavours of single-portion cheesecake: *mousse au chocolat*, *crème caramel*, *crème brûlée* and *pot au citron*. Each sells for between £1.25 and £1.68.

Underpinning The English Cheesecake Co's growth has been Weldon's aim to make his desserts taste different from the competition, allied to a single family recipe and a passion for all things sweet.

Weldon is determined to make everything as naturally as possible, using no additives or artificial preservatives. "All I am trying to do," Weldon said, "is to apply the very best home-cooking methods to a commercial venture. Our ingredients are simple. The *pot au citron* is just freshly squeezed lemon juice, double cream and sugar.

"All that is in the cheesecake is low-fat curd cheese, whipping cream, eggs, digestive biscuits, vanilla and natural vanilla extract. We have to use pasteurised eggs but we import them in liquid

'I'd often go into the office with cheesecakes I'd made the day before'

form from Belgium twice a week because these are guaranteed salt and sugar free."

The result is that Weldon's desserts taste of what they are made from and regularly come top in "blind tastings" held by newspapers, food magazines or potential customers. "People say that they are compulsive, that they are like drugs," he said, "but these principles have helped to widen their appeal."

Weldon admits that these principles would be nothing without the original cheesecake recipe that belonged to his mother and his aunt. "As a child I can remember not-

ing nicer than eating what was left over in the mixing bowls or coming down the morning after my parents had given a dinner party and finishing all the desserts in the fridge," Weldon confessed.

His father arranged for him to spend his school holidays working in the kitchens of the Mount Royal Hotel in London's West End. At 18, catering college beckoned but Weldon was sidetracked initially as a trainee for McDonald's and then for more than a decade as an estate agent.

"I was earning a good salary and driving a BMW car - a terrible but I was in love with cooking and eating desserts," Weldon said. "If I was invited to friends for dinner I would make them a strawberry cheesecake instead of taking a bottle of wine. I'd happily finish a meal in a restaurant with two or three desserts to try and discover what the professional chefs were up to and I'd often go into the office with cheesecakes I'd made the day before."

These were welcomed and provoked the comments that spurred Weldon to do some simple mental arithmetic. "Friends said that my cheesecakes were better than anything they could buy and why wasn't I doing it for a living. I set down and worked out that if I could



Service with a smile: Philip Weldon gave up a career as an estate agent to make cheesecakes

Colin Bunn

sell 30 cheesecakes a week, at 29 each, I could pay myself enough to cover the mortgage. I approached the owners of the Rosslyn Delicatessen, Hampstead, and when they agreed to buy them I resigned from the agency and became a full-time cheesecake maker."

Without any capital, Weldon began from home using a domestic mixer and a Bosch oven that could cook a maximum of six cheesecakes. He did everything himself and when his flat proved too small, one customer even stored the raw materials for him.

The company is now based in a modern 1,500 sq ft unit where the air is heavy with the smell of vanilla and chocolate imported from France. But Weldon confesses he wakes up every morning feeling sick.

"I wake up with my stomach in knots," he said. "I have been very fortunate because other than my mother helping with the purchase of a commercial mixer which cost £1,800, I have never had to borrow any money. I have kept overheads to a minimum and the company has always generated a positive cash flow."

"I feel this way because there is only me running the company, there is no one else to share my problems with. By lunchtime, after I have been out from 6.30 in the morning making deliveries, then spoken to my customers and finally been busy in the kitchen, I feel much better."

Weldon's cure for the loneliness of the single businessman is to give himself treats. "I've never stinted on the money I spend in the gym," he admits.

Yet he remains aware of possible dangers. "By relying so much on one particu-

lar customer, the company is exposed, but it's the only way it could have grown without being financially stretched. What I want to do now is to build up a business that runs smoothly but does not run me."

Gratified by the appreciative comments his desserts have enjoyed over the past three years, Weldon knows he will never abandon this rewarding but physically demanding career.

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Truth of the Matter
Silenced voices of caution

There were nine of us in the room, eight men and one woman. We were sitting round an elegant, oval table, discussing medical ethics. The men were engaged in an abstruse metaphysical argument about when life begins and who is a person. The woman said nothing, though having been a theatre nurse, she knew more about it in real terms than any of the men.

Eventually, when the discussion had been proceeding for about half an hour, she spoke. "Sometimes," she said, "I had to empty the suction jar after an abortion. I remember once finding a tiny, perfectly formed hand stuck to the bottom of the jar."

The abstract philosophical talk came to a juddering halt. Instead of asking what we thought about the beginnings of human life, we were confronted with what we felt about it. Slowly, and more soberly, we returned to the philosophical discussion, not as a defiance against raw feelings, but in order to discover whether our feelings had a rational basis.

I taught medical ethics for seven years, to groups which included nurses, doctors and a former professor of obstetrics, and I thought that I was beyond the point of being shocked. News of the eight-fold pregnancy did not surprise me, but I found the earlier news that one healthy twin had been aborted, deeply shocking.

It reminded me of those sayings in the Gospels about the end of the world: "Two women will be grinding corn, one will be taken and the other left; two men will be working in a field, one will be taken and another left." Twins will be in the womb, one will be taken and the other left. But a feeling of shock, even aggravated by such connections, offered no guidance about whether the abortion was right or wrong; and since the hospital wisely but belatedly refused to give any more details of the mother's circumstances, no judgment is possible.

That did not prevent the discussion from being hijacked by three groups of people with crystal clear views about whether it was right or wrong.

One group consisted of people whose twin had died. They spoke in apocalyptic terms about the wrong done not only to the twin whose life had been ended, but also to the one whose life had arbitrarily been allowed to continue. But experts tell us that around 80 per cent of pregnancies which start with twins reduce naturally to singletons. One foetus dies, without any harm, physical or psychological, being done to the other.

The other two groups have dominated discussion about abortion since before 1967. They are, of course, pro-life at one extreme and pro-choice at the other. Both groups have the great advantage of simplicity and clarity. Their thinking can be expressed in slogans: "abortion is murder", or, "not the church, not the state, let the woman decide her fate".

If you are not pro-life, you are in favour of killing. If you are not pro-choice, you are against women. Subjected to this remorseless pincer movement, those in the middle ground are squeezed, caricatured as

weak and unprincipled, reduced to silence by strident voices.

It is easy to hold an extreme view. There is no doubt about what is right or wrong, no agonising over complex and intensely personal decisions. It is far more difficult to be both pro-life and pro-choice, and to have to weigh in the balance the conflicting claims of two lives.

Yet I suspect that most people hold a deeply principled view which is both pro-life and pro-choice. I have no statistical support for saying this. So many abortions are carried out for social rather than for medical reasons that the evidence suggests most people are pro-choice. But it is clear that if the majority held the absolute pro-life view, pressure to amend the Abortion Act would be overwhelming; and it is not.

If the majority are both pro-life and pro-choice, then we are, perhaps without realising it, remaining faithful to the long tradition

which has informed our morality and law for centuries. That tradition was expressed with great care by Archbishop Michael Ramsey in a speech he made in 1967, before the Abortion Act was passed. "If we are to remain faithful to the tradition," he said, "we have to assert, as normative, the general inviolability of the foetus."

He avoids the emotive language which prefers to describe the foetus as an unborn child, and he speaks with great precision about general, not absolute, inviolability. There are circumstances in which abortion is necessary, as the lesser of two wrongs. But, he continues, we should hold to the belief "that the human foetus is to be revered as the embryo of a life capable of coming to reflect the glory of God".

The life of the mother, and the lives of her existing children, are already capable of "reflecting the glory of God"; or, to put it in non-religious terms, of living a fulfilled, genuinely human life. Weighed in the balance, the foetus against the physical or psychological health of the mother, or her existing children, the balance will sometimes come down against the unborn foetus. Abortion, in such circumstances, is a necessary cruelty.

We may suspect, just from the number of abortions carried out, that the human foetus is sometimes treated with rather less than reverence, and that abortion is an easy convenience. But the quieter voices of those who are both pro-life and pro-choice, and who urge a more careful balance between choice and life, are difficult to hear when the strident extremes hellow so loudly.

The quieter voices of those who are both pro-life and pro-choice are difficult to hear

Philip Crowe

Wasps in the sandwiches

Continued from Page 1

how shrewdly Betjeman appreciated his audience. You don't have to be a trained deconstructionist to see the many little sneers

and prejudices wrapped up in the few lines: "toilets (derisive); "mint and meadow sweet" (bucolic) "the brambly lane by which we went" (bucolic and exclusive); "the smell of deep-fry" (proletarian); "Senior Service container glides"; "the wrappings of potato crisps" (common, brutish).

The words are given with such lip-smacking relish that

you wonder how Betjeman would have reacted to crack-dealing, road-rage and glue-sniffing in Trebetherick.

But then you realise that he would have loved them. The whole point is the awfulness of the others; this is what gives poignancy and meaning to your own finer feelings.

Now I'm standing on the

ninth tee at St Enodoc golf course hoping to send my ball soaring, or at least bounding energetically, down towards the little churchyard where Betjeman lies buried.

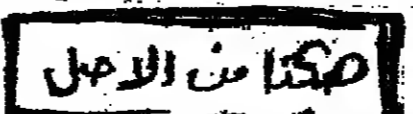
I've recovered, only just, from the gull of lying about my handicap and home course and from the mute disapproval directed towards my tennis shoes.

And now I feel a wholly unworthy sense of privilege: my God, I am going to smash my ball down towards the last resting place of a poet laureate.

Around me high court judges and captains of industry, (and, one or two people who have been victims of downsizing) are having a merry time in the same way.

The view is stunning from here: you can see the little, lichen-starred church half buried, the Daymer Bay glistening and the plump roundness of Bray Hill, but you can't see the café and the car park.

Like Betjeman, seduced by Betjeman, I see splendour, splendour everywhere. It's just a matter of knowing where to look.



PERSPECTIVES

صوتنا من الامل

Silenced voices of caution



ALPHA TANGO CHARLIE

Suspended in mid-flight

Air traffic controllers are moving - as soon as their new software works. Michael Skapinker reports

It is mid-afternoon when someone drops by to tell Andy Wall that the military has stopped firing missiles at Shoeburyness in Essex - aircraft in the area that was to fly at low altitudes can now do so. Wall's immediate concern is to lift a British Airways flight above the aircraft crowding around the south-east of England. The BA aircraft, which has just left London's Gatwick airport on its way to Bremen, appears as one of many green dots on Wall's radar screen.

A few of the other green dots in the south-west corner of the screen look like they are bumping into each other. Wall assures me that they are not. Those are the aircraft taking off and landing at London's Gatwick airport. It is all perfectly safe, he says.

This is the London Area and Terminal Control Centre at West Drayton. Set in the suburban sprawl of London's western fringes, the centre is responsible for keeping aircraft a safe distance from one another in one of the most crowded pieces of airspace in the world.

The 600 air traffic controllers at the centre take care of 1,500 flights a year in English and Welsh airspace, some of which are travelling to or from UK airports. Others are just passing through.

In parts of the US the airspace is as busy, but there are few places where it is as complicated. Much of US air traffic is domestic, with pilots who speak English as their first language. But controllers at West Drayton encounter many languages - a conversation with a Dutch pilot could be followed by a Spanish one, followed by a Moroccan.

In the summer months, the controllers, who work for National Air Traffic Services, part of the Civil Aviation Authority, handle nearly 5,000 flights a day. "We're in the thick of it now," says Colin Chisholm, the centre's general manager.

The number of flights handled at West Drayton will rise 5 per cent this year. Last year the numbers also rose by 5.5 per cent and 5 per cent the year before that.

Chisholm describes the job as "hours of boredom and minutes of panic". But neither the boredom nor the panic stop people wanting to become air traffic controllers.

The College of Air Traffic Control in Bournemouth receives 3,000 applications for its 92 places each year. Once they become controllers, staff turnover is statistically insignificant: less than 1 per cent a year, according to Chisholm.

What sort of person wants to do the job? "You get different theories about it," says Chisholm. "Some people say they have to be extroverts. I'm not convinced. They have to be fairly self-confident and what you might characterise as sharp and quick on the uptake."

Tracey Duncan, a former West Drayton controller who now teaches at the Bournemouth college, says: "You need to be assertive, positive and quick-thinking. Not deep-thinking. Being a perfectionist is a weakness, 'feeling you've got to find the perfect answer'."

Lloyd Brown, head of the Bournemouth college, says: "We don't want academics. It's almost counter-productive. The job is reactive. The problem sometimes is that people have been taught to think of too many alternatives."

The entry criteria for the air traffic controller course reflect the anti-academic bias. Applicants must have five GCSEs, have started studying for further qualifications, such as A-levels, but do not need to have passed or even taken the examinations.

Many Bournemouth trainees, however, easily surpass the entry criteria because an increasing proportion of UK school leavers have higher education qualifications. In fact most trainees selected - on

the basis of interviews and tests including personality and special awareness assessments - are graduates from a wide variety of disciplines.

It is not only air traffic controllers, of course, who think their work is unexciting to the highly educated - city dealers say the same applies to their work.

But unlike the world of city dealing, Chisholm says early burn-out is rare at West Drayton.

"By their fifties, most controllers will have gravitated to some sort of supervisory position, although

There has been substantial investment in some of the centre's facilities in recent years. But the drab carpets and chairs, dim lighting and piles of scrap paper littering the floor remain. West Drayton, according to the management and staff, is out of date, or "time expired", as the controllers put it.

The aviation authorities would not disagree. Based they look forward to transferring the controllers to a new £35m centre at Swanwick, near Fareham, Hampshire.

The new operations room is the biggest to the world, the size of half a football pitch. Its screens have been designed with comfort in mind - The Royal College of Art was brought in to advise on appropriate background colour lighting. Controllers will have more on-screen information, such as access

to airport maps or the operating characteristics of different types of aircraft, and will even be able to view the latest weather forecast.

This is the future of air traffic control. Except that it does not work.

Software engineers are busy at Swanwick trying to find out why the most advanced air traffic control system in the world - and with computer software costing £120m, possibly the most expensive - does not work properly.

The original software contract was awarded to IBM of the US. IBM then sold this part of its business to Loral, another US company, which was in turn acquired by Lockheed Martin, the US defence and aerospace group.

Once the contractors had developed the software, they tested it on 30 workstations at a centre in Portsmouth. It worked. They then tried it on 150 workstations at Swanwick. It did not work.

Swanwick was due to begin taking over from West Drayton in December, a phased process which would have seen the last controller arriving in 2008. The transfer will now begin in the winter of 1997. The CAA says the cost of keeping the controllers at West Drayton for another year will be £11m.

Solving the centre's problems is a huge task: the new system has 2m lines of specialist software.

"They have had to go back into the operating system and they have found some interesting glitches," says Gordon Doggett, Swanwick's general manager.

When the software engineers have done their work, some of West Drayton's controllers will move in and start work. The date will also be set for an official opening.

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'When we move you won't know about it. If you do, something will have gone wrong.'

First battle of many against paedophilia

Edward Luce says the Philippines is at last learning how to tackle its chronic child abuse problems

As one of the most notorious destinations in the world for paedophiles, it is not often that the Philippines can claim to have won a battle in what has frequently seemed a lost war.

Unless, the United Nations children's fund, estimates that with 80,000 child prostitutes, the Philippines, along with countries such as Brazil and Sri Lanka, is among the freest havens in the world for paedophiles.

The conviction last month of a British tourist, Stephen Mitchell, for paedophilia thus constituted something of a milestone for Manila's overstretched judicial system. As the first Briton to be convicted of this crime in the Philippines and only the second foreigner in the country's history (the first, an Australian, Victor Fitzgerald, was imprisoned earlier this year), Manila's child welfare departments had a rare opportunity to celebrate.

Until the Fitzgerald case, the standard official practice was to deport foreigners who had been caught abusing Filipino children. The absence in most western countries of

extra-territorial laws to prosecute citizens caught abusing children overseas meant that deportation, in effect, closed the matter. In the case of Germany, which mandates its diplomats to return passports to its citizens even when they are out on bail for child abuse, has done little to promote good-will towards the west.

Recent events, however, suggest the ones blind eye could at last be gaining sight. As the prison door was slammed on Mitchell last month, a door of opportunity was opening across town.

Matthew Gould, third secretary at the British embassy in Manila, had brought two British detectives to the Philippines to conduct a two-week training course on child abuse for local police, lawyers, doctors and officials.

The course, hailed by its Filipino participants as a genuine step forward in Manila's hitherto intermittent fight against child abuse, led to the creation of the Philippines' first dedicated anti-child-abuse police unit. Instead of flying a few select officials to London (or Stockholm or Sydney) for

instruction at Scotland Yard, as had been the norm until last month, the experts came to Manila and put the facts in a Philippines context.

"This was a real breath of fresh air," says Karen Gomez-Dumput, head of the government child centre in Manila. "The advice was two-way. And as a result I think it's going to stick."

Apart from setting up 15-member police child unit at the National Bureau of Investigation, Manila's elite police unit, the exercise prompted the creation of the country's first child crisis centre at the Philippine general hospital.

"Difficult as it may be to believe, I felt for the first time that I would be able to co-operate with my counterparts at the NBI," says Bernadette Madrid, a paediatrician, who is to head the child crisis centre. "Up until now it has been like a dialogue of the deaf."

Madrid's point is backed up by a litany of examples. Earlier this year she examined a child for signs of abuse. The process took much coaxing as the abuser was the child's father. Finally, after the basis for a

case had been established, Madrid asked the NBI to talk to the victim.

"They came rushing into the ward with journalists and photographers and started barking: 'Who abused you? It was your father wasn't it?' The next day her photograph and name was published all over the newspapers." The child, Madrid finish off what remained. The upshot is that the legal system deters victims from speaking out.

"One of the main purposes of the course was to stress the importance of treating the child with the utmost sensitivity," says Sharon Stimpson, a detective constable. "This is the most important aspect of dealing with child victims."

As a consequence, the interview room at the child crisis centre will be fitted with a two-way mirror so that only one adult need interview the child. Observers, who lack the child's knowledge, can record the proceedings from behind the mirror. Another measure will ensure that the child is physically examined only once regardless of how many appeal courts the trial goes through.

Video testimony will also be introduced to prevent confrontation with the suspect. The authorities will also attempt to shield the child's identity from the tabloid press.

"All of this was new to me," says Attorney Mamerto Espatero, who is to head the NBI anti-child-abuse divi-

tion. "We are going to completely change our attitude towards the children. We understand the importance of making the child feel as comfortable as possible."

With only one police unit and one medical unit dealing with crimes against children to a country of 68m people, few believe that progress will be swift. Nevertheless, those involved have confidence in the knowledge that for the first time the authorities are starting to sit up and take notice.

Madrid is hoping that the British embassy will make the course an annual event (other British embassies in Asia have also requested information about the course). She says that the next step is to raise awareness about child abuse among the wider public.

"We must encourage people to realise that abuse in the home is not a private matter that must be kept to the family."

"We must also make people realise that child abuse is not just committed by foreigners. The vast majority of child abuse in the Philippines is perpetrated by Filipinos."

The next step is to raise awareness about abuse among the wider public

Lunch with the FT Hungry, but not for food

Nigel Spivey finds John Redwood has a powerful appetite

He has a lean and hungry look. The invitation to lunch was virtually on the prime minister's behalf. We must fatten up this man. Lull him into longer hours of rest. Stop him thinking too much.

With its air of affordable epicureanism, Zoe's restaurant off Oxford Street should have done the trick. But here was one of nature's own conservatives.

"Soup and fish," he snarled. "Any particular sort or flavour of soup?" asked the waitress. "Your best. And then some salmon. To drink, an orange juice."

"Are you pressed for time?" I asked.

"No. We can have as long as you like. But I need to keep sharp for later on."

Sharp. My mission to soften the thrust of John Redwood MP was already stumbling. When food and drink are mere fuel for steeling the edge of the next polemic, lunch is no seduction. It was a redundant question, but I began by asking why he had not stayed on (at All Souls's, Oxford) as an academic historian.

"Why study history when you can be making it? I had wider work to do. I wanted to engage with the debates of the present, not serve as a scribe to controversies of the past."

Engage with debates. Since we were obviously not going to engage much with Zoe's offerings, I thought, we may as well have the Redwood manifesto instead.

"Germany now rules France. The French think they're driving the European Community, but they're not [Chancellor] Kohl is. He's got French administrations in his pocket. And no one's strong enough to challenge him in his own country."

Debate? This sounded like the Norman Tebbit school of plebeian rhetoric.

"You'll tell me how that Brussels is a coked-up palace of meddling mandarins," I said, as we both began shovelling our fuel.

"Hmm," replied Redwood. "Not a bad way of putting it. No," he continued, "it's worse than that. If only they were mandarins. But they're jokers. What struck me in my ministerial days, whenever I went to Brussels, was just how little thought had gone into the drafting of laws."

I rose to the defence of my lovely and brainy sister-in-law, a treasury trainee who maintains just the opposite view. He was not moved.

"Of course civil servants adore Brussels. They can pass as many laws as they like, and never have to answer to an electorate. Do you know how many type-approval directives Brussels has come up with for a car windshield?"

I paused from my tasteless fuel, a fish entirely new to me, called a roudy (pronounced ruffy) and wondered aloud where it came from.

"New Zealand, I think. Excellent," said Redwood.

"You were saying - about car windshields?"

"Forty-four. I believe that's the number. Can you imagine it? It has to be wrong. All you need is the minimum regulation for safety standards. Then let the free market decide what makes a good windshield. How could anyone ever start up making things under this burden of specifications? Brussels is killing the main-

'We'll be bailing out the geriatric poor of Brandenburg Prussia'

me tell you one of our best - Margaret's best - policies. That was to wean people in Britain of the state pension system. France and Germany have committed themselves with promissory notes far beyond what they can afford in that respect."

So? "So that's another good reason why we shouldn't join their currency. We'll be picking up their welfare bills."

"You're kidding."

"Of course we will. Do you honestly think that a single currency won't lead to a single taxation system? We'll be levied. We'll be bailing out the geriatric poor of Brandenburg Prussia."

Did I see flames behind his icy eyes? "Not to mention," he powered on, "losing Nato security, and our cricketing friends around the world."

I tried to manoeuvre our discourse in other directions - some gentle backwater of history, perhaps. But we only ran into his absolute heroine, Elizabeth I - and it started all over again.

"Prudent finances... established our coinage, and the Union... saw off the threat of Spain absorbing all Europe..."

I listened quietly, nuzzling a coffee.

Eventually I pointed out that there would not be space for the full manifesto.

"Write what you will," he said. "I don't have time to read the papers anyway. But these are the concerns I hear on the doorsteps of Middle England."

My apologies to Mr Major. His challenger departed our lunch with fire in the soul, a spring in his step - and an appetite for power which is far from satisfied.



John Redwood, alert and sharp with a fire in his soul. Pippa White

FOOD AND DRINK

How the QE2 is fed and watered

Jill James sets sail and finds herself drowning in statistics

Maine lobster. Russian caviar. New Zealand lamb. Texas beef. On the QE2, that monument to Britishness? Surely one can expect prime Aberdeen Angus, Devon or Welsh Black?

Jonathan Wicks, executive chef and food and beverage manager, sighs and anticipates the next question about BSE (mad cow disease). "We've always ordered American beef," he says. "We use 880,000lb of beef, pastrami, brisket etc a year so we need people who can meet our bulk demand. In order to get the quality, we order 1 1/2 times what we need and sell off what we don't use."

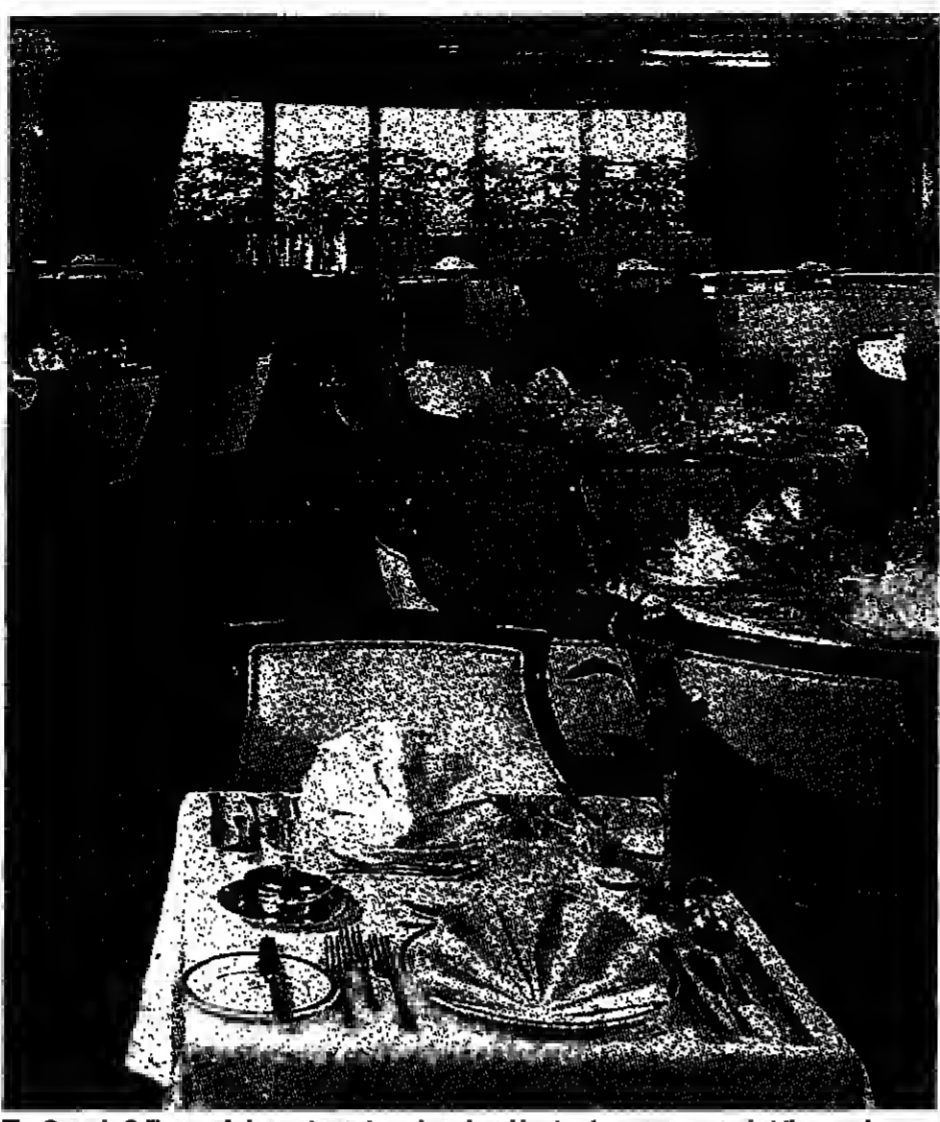
Solving the logistical nightmare of catering for 1,000 crew and up to 1,800 passengers who use the ship on its transatlantic run is a tall order. So how is it done? "Experience," is Wicks' iceberg-crisp reply. "We've always been feeding people. The operation has just grown and grown."

"Some 550 people work in the food and beverage department. At the top is the toilet cleaner and at the bottom is the food and beverage manager. I work for them rather than they for me."

Suddenly, this big man in his small office is rattling off figures: "180 waiters, 104 chefs, 120 stewards, 13 kitchens, nine different restaurants, 11 bars, four dispensers (restaurant) bars, four crew bars, the Lido buffet operation..."

A tape recorder might have been used but Wicks is off again with barely a pause: "11 sous chefs, five chefs de cuisine, 23 assistant restaurant managers, 23 assistant food cost analysts, two sanitation officers..." A question about his suppliers is popped in to slow him down.

"We try to have a partnership with our producers and suppliers. In England we have been using Axton and Sons from Southampton for 10 years for our fruit and



The Queen's Grill: one of nine restaurants on board seeking to give passengers what they want

veg. They are our top supplier. They know the ship and they understand our storing procedures."

They would need to. Wicks has to be demanding and, since he has worked his way up in the ranks over the past nine years joining as chef de partie, becoming sous chef, premier sous chef and chef de cuisine, he is not likely to miss much.

In the US the QE2 uses the New-York based Kansas Packing for meat, Gotham for seafood and The Best for fruit and veg.

Wicks is the first to acknowledge that his job, and that of his suppliers, is not only ordering and organising. "It's a lot more than needing 1,000lb of watermelon (the crew's Filipino element is very keen on melons). It's about personal service, making sure that what we need is what we get." To this end, last-minute raids on local butchers or supermarkets are not uncommon.

We come to the vexed question of menu choices and who decides what will be eaten. Again, says Wicks, it's a matter of experience. "We tend to have a transatlantic menu which could be duck à l'orange, rack of lamb, a pinch of international cuisine and a spoonful or two more of French and English plus some QE2 creativity."

"The menu for the world cruise changes again. We change and adapt constantly. People can travel three or four times a year with us and have completely different menus."

His biggest challenge is providing the best possible quality under the circumstances. With up to 10,000 meals daily, consistency is a watchword in the large kitchens, which he tries to get around three times a day. And it is a long day, sometimes from 6am until 1am, which must take a heavy physical toll.

He says ruefully: "Everyone wants to complain, compliment or ask a question. At the end of the day I just want to listen to silence."

So how difficult is it serving top quality food and

drink in heavy seas? How do they serve fine wines, for example?

I met Tanner in the kitchens of the Queen's Grill. He has been chef de cuisine for 7 1/2 years and on this trip, a five-day crossing from New York to Southampton, is responsible for feeding up to 200 of the wealthiest and most demanding passengers for breakfast, lunch and dinner.

I tell him that I have been dining satisfactorily at Curran's expense, for the past few days. He seems relieved and tells me about the menu structures, the growing popularity of vegetables and the trend towards more healthy eating on board.

The Queen's Grill provides a high-energy health and fitness breakfast heavy on fruit, nuts and muesli. A special light Spa menu is offered at lunch and dinner, which might be, for example, a red pepper bisque with tomatoes and saffron, followed by grilled aubergines with a dessert of strawberries with orange and mango coulis. Most of the Spa menus struck me as well-balanced and imaginative.

The first step in planning the menus is to analyse the passenger lists. Tanner explains: "Americans tend to like medium-rare steaks, salads, light health-conscious dressings, vegetables and our Spa cuisine. The British like their steaks well-done

and must have their food served piping hot."

On our trip the menus have, apparently, worked out well and the young but experienced brigade has been showing its mettle. I am impressed with the appetisers and desserts. The presentation of the sweets at times borders on the spectacular: a chocolate piano filled with mousse, for example. Tanner tries to see every dish as it leaves the kitchen and places a high priority on its appearance.

Over at the cold counter, appetisers for the lunch service are being prepared. Tanner opens a tin of caviar which must weigh 2lb, declares it to be fine and gives an example of the quality control problems that he can face: with demand outstripping supply, cowboy dealers are filling tins with low-grade fish eggs instead of the prized Sevrega and Beluga.

"But I know the difference just by looking," he says. "And we know our suppliers."

Beluga caviar is not the most expensive item that the ship buys. That honour goes to saffron, which, pound for pound, is 2 1/2 times the value of Beluga.

And since a mere 50g (1.7oz) of Beluga costs around £35 in Harrods it pays to get the ordering absolutely right.

Ship's rations

Eating and drinking on the QE2, which sends all its used cooking oil ashore for reconstituting into animal food, is for its passengers' enjoyment to consume.

- enough tea bags each day to supply a family for a year;
- enough film and foil each year to go around the ship nearly 750 times;
- approximately 600,000 litres of beverages a year;
- more than 60m cigarettes a year. Piled end to end, they would stretch 370 miles - from London to Edinburgh.

dinner as the most important. "Women spend a lot on their appearance - some can have \$500,000 of jewellery on them. They go to incredible trouble and you have to meet their expectations. If you don't, you've spoilt the whole event for them."

Wicks' dedication and enthusiasm appears to be matched by his chefs, if

Wine A bright future for the clarets of 1986

Edmund Penning-Rowell on Bordeaux's best

The red Bordeaux vintages of 1986 were rather more irregular than the very successful 1985. The five pre-vintage months were the driest in Bordeaux for 20 years.

However, two days of very heavy rain fell in mid-September, followed by a violent storm centred on Bordeaux. The picking in general began a little late, on October 1. Remarkably, the red wine crop was bigger than 1985: 4.6m hectolitres compared with the previous year's total of 3.9m. This record crop, incidentally, was quickly surpassed in 1988.

Whereas 1985 had been a Merlot year, with good results on the right bank, 1986 was definitely a Cabernet-Sauvignon year, with powerful tannin, and very much a Médoc-Graves year. Yields were very large - some as high as 70hl per hectare, but the leading estates engaged once again in heavy summer pruning.

Professor Pascal Ribereau-Gayon, head of the Institute of Oenology at Bordeaux

University, wrote that never had there been such a possibility of reconciling quality with quantity as in 1986.

When young, the first growths were distinguished for their deep colour and tannins, especially Margaux, Latour and Mouton-Rothschild. It was to be a relatively slow-developing year.

In view of the mixed reputation for the vintage quality, the opening prices (in bond) of the first growths were reduced from 1985's FF200 a bottle to FF180. But the lower prices were offset by a decline in sterling and dollar exchange rates.

At our annual dinner for

the eight 10-year-old first growths, attended by two Masters of Wine and their spouses, the wines were decanted in the accepted order, at least two hours beforehand: Haut Brion, Ausone, Margaux, Lafite, Mouton-Rothschild, Latour, Cheval Blanc and Pétrus. All notes were taken at the table, with my own heading the list (see table, below).

After the glasses had been refreshed, a vote was taken to establish the individual tasters' order of preference:

1. Haut Brion (for the second time running)
2. Cheval Blanc
3. Mouton Rothschild
4. Pétrus
5. Ausone
6. Latour
7. Lafite
8. Margaux

My own preference for the first three was Haut Brion, Cheval Blanc and Latour. Only one bottle of each wine was opened, and one corked bottle was replaced.

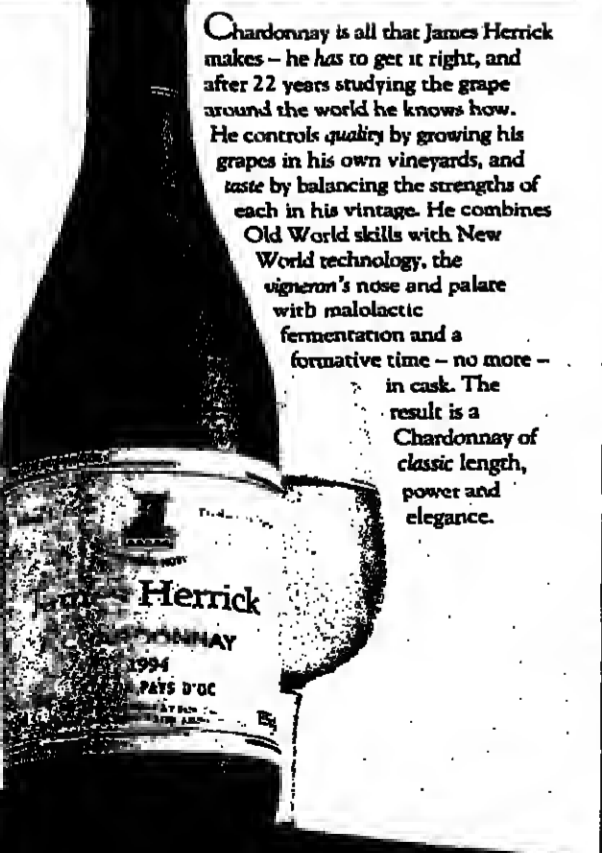
Even a 10-year-old wine may show bottle variation. The 1986 leading wines may expect a long life.



Comments on the 10-year-old first growths

- | | |
|--|--|
| <p>Haut Brion</p> <ul style="list-style-type: none"> □ Full colour, lively sweet nose from the start, beautifully balanced, fragrant and long. □ Medium deep colour, lively nose, intense, well-structured, earthy Graves and taste. Very good wine. □ Very classic classic nose, delicate, faint ripe Cabernet Sauvignon, almost ready to drink. □ Deep deep colour, fine firm structure, slightly good length. <p>Ausone</p> <ul style="list-style-type: none"> □ Full colour, more nose than taste, if still somewhat austere, more developed than in any Bordeaux this vintage. □ Deep, maturing nose, medium-sweet earthy delicate but with dry iron, tannic finish. □ Slightly dark colour, less tannic, very dry finish. □ Good colour, lively nose, slightly better finish. <p>Margaux</p> <ul style="list-style-type: none"> □ Fine colour, full nose, nice, balanced, powerful and full on the taste. □ Deep, maturing nose, with tannic nose, very tannic, will take time to open up, but in 10 years. □ Very deep colour, low-key intensity, good structure, straight, not very interesting, acidity developed eventually. <p>Lafite</p> <ul style="list-style-type: none"> □ Deep colour, surprisingly sweet, meaty and complex nose, good balance but on the light side, tannic, earthy, classic. □ Deep and concentrated nose and flavour, plus fragrances at the moment, but with a better finish than Margaux's. □ Very deep colour, earthy nose, lively with | <p>Mouton Rothschild</p> <ul style="list-style-type: none"> □ Deep colour, rather closed nose, more tannin than some others and backward, full-bodied. □ Opaque, intense colour, surprisingly soft at first, lots of fruit and spice, impressive - but still an infant. □ Deep crimson, beady, clean, crisp, lively and dense. Slightly oily still, wonderful length. □ Deep colour, almost blackcurrant, cedary nose, lovely length. Very delicious. <p>Latour</p> <ul style="list-style-type: none"> □ Deep colour, Pallid nose, but not as big a wine as usual, fully well-balanced, should develop well. □ Fine, fragrant but low-key nose. Sweet, crisp fruit, quite attractive. □ Deep colour, lively nose, more tannic than Mouton; good, very primary, almost "wet towel" on nose. □ Sweet and rich, delicious to drink tonight. <p>Cheval Blanc</p> <ul style="list-style-type: none"> □ Good colour and lively nose (best of all, really lively, good flavour, light finish). □ Colour lacking intensity, opened up in the glass, sweet "cheesy" nose, easy to drink. □ Slightly weak-coloured rim, low-key nose that developed beautifully, very sweet and round on palate, better than Pétrus, very good balance. <p>Pétrus</p> <ul style="list-style-type: none"> □ Full colour, fruity nose but not particularly concentrated, Medium rich, fine, good drinking but not outstanding. □ Fairly deep colour, medium-sweet fruit. A good wine but lacks the definition of the Médoc. □ Long, powerful but needs more acidity. Potential great future. |
|--|--|

Not too fruity, not too dry; not too lemony, not too oaky. Just right.



James Herrick
CHARDONNAY

AVAILABLE COUNTRYWIDE FROM ASDA, BERRY'S WINE COOKHOUSES OF LEITH, DAVIDSON'S, H.M. BATHY, ELKINGTON FINE EUROPA, FULLER'S, HALL BATSON, COBBINS, RUSSELL CELLARS, SAINSBURY'S, SOMERFIELD, SPAR, TESCO, THOS. FEATLING, UNWIN'S, VICTORIA WINE, WATROSE, WINE CELLAR.

On course for some hands-on, greedy fun

Sonia Stevenson is one of those people who seems to shine at everything they undertake - in her case, first a professional violinist, then a master chef of Great Britain running her own Michelin-starred restaurant, now a flying doctor cookery teacher.

That makes her sound intimidating, but no. She is twinkly, school marmosetly sensible, intrigued by exploring ingredients and cookery techniques, and a born encourager of others.

For just as Stevenson has a way with food so she has a gift for homing in on the precise points each individual needs to master in order to develop his or her confidence, skills and creativity.

Stevenson's two-day intensive, 100 per cent hands-on, greedy fun, with between six and eight participants. The courses are held in a variety of venues in the UK wherever they are required, providing there is room to set up her eight portable cookers and enough worktop space for everyone with elbow room to spare.

She has made a speciality of two subjects: fish cookery and sauces. Last year she published *The Magic of Sauces*, which was shortlisted for the Andre Simon award and was a best seller. A book on fish, *A Fresh Look at Fish* (Mitchell Beazley, £19.99), is due to be published on October 15 (I quote a recipe from it, below). It looks set to win many fans by virtue of its blend of hand-holding commonsense and inspiration.

Some places are still available on the following two-day cookery courses, each of which costs £188 per



From Sonia Stevenson's 'A Fresh Look at Fish'

person inclusive of ingredients, recipe sheets and lunch on both days.

Fish cookery: at Hopetoun, nr Edinburgh (Sept 7-8); Padstow, Cornwall (Oct 15-16); Portrush, Co Antrim (Oct 26-27). Sauces and techniques courses: London (Sept 12-13); Strately-on-Thames, Berkshire (Oct 8-9); Padstow (Oct 15-16); and nr Malham, Wiltshire Oct (22-23). For enquiries and bookings, tel: 01782-851813.

Lyn Hall was one of the trio (her partners then were Lorna Wing and Roz Denny) who ran a series of Monday evening cookery classes for bachelors a few years ago.

Now Hall has teamed up with Balthaz, in whose gleaming central London showroom she will start serving up a series of Menu Master Classes next month - a two-hour cookery class once a week for six consecutive weeks. Each evening will end with a sampling of the menu learned, in the company of a guest speaker.

The day of the class has moved from quiet Monday to sociable Thursday. Most of the cooking will be demonstration (but including some time for hands-on for those who want it). Although Hall calls her menus "suppers" they are not unambitious. This, she tells me, is because people today want to serve informal meals that impress and win applause.

Hall teaches organisation as well as cooking, and rates it essential to work out a detailed time sheet. What about vegetables? She advocates re-heating in a microwave. And, yes, if possible, the kitchen work surfaces should be big enough to allow for plate service.

Sample menus include:

rooms; 5 tablespoons grape-seed or groundnut oil, plus more for brushing; 5 tablespoons hazelnut oil; 1 tablespoon nibbed hazelnuts; 2 garlic cloves, chopped; 2 teaspoons lemon juice mixed with 1 tablespoon water; 2 tablespoons chopped parsley.

Heat the oven to 230°C (450°F) gas mark 8, and heat a ridged grill pan. Brush both the pan and the fish with oil. With a pair of scissors, trim away the outer-most trim from the fish and remove the heads. Season the fish.

Depending on the size of the ridged grill pan, lay one or two fish on it, dark skin side down, and grill for about four minutes. Remove from the heat, cover the pan with a large plate, and invert both pan and plate to turn out the fish. Then slide the fish (now dark side up) on to a lipped baking sheet. Repeat for all the remaining fish. Then put the fish into the oven to cook for about eight minutes. Timing will vary a little depending on the thickness and density of the fish used.

While the fish are cooking, clean the mushrooms and rinse if necessary. Fry the nuts and garlic in the mixed oils in a large pan until they begin to brown. Throw in the mushrooms and cook them lightly. Season with salt and freshly ground black pepper and stir in the lemon juice and parsley.

Remove the skin from the cooked fish at this point if you wish, then lift them on to a hot serving dish, pour the mushroom sauce over and serve.

LYN HALL'S MOROCCAN LAMB TAGINE
(serves 4-6)

900g neck fillet of lamb, trimmed and cut into 5cm pieces; 170g wood-smoked artichokes; 110g black olives; half a red pepper and half a yellow pepper, both halved to remove the skins and cut into strips; 85g raisins; 2 tomatoes, skinned, seeded and diced; the juice of half a lemon; 140ml chicken or lamb stock; 45g beurre manie (flour and soft butter combined in equal proportions to make a paste).

For the spice paste: 1 medium onion, grated; 3 garlic cloves, crushed; 1 tablespoon plain flour; 1 tablespoon ground ginger; 1 teaspoon ground cumin;

1 teaspoon powdered saffron; 1/2 teaspoon turmeric; 3 tablespoons olive oil.

Mix the spice paste ingredients together with one teaspoon each coarse salt and ground black pepper in a food processor or with pestle and mortar. Toss the lamb in this mixture and sauté a few pieces at a time in the oil, for about five minutes, turning the meat to cook the spices.

Transfer the lamb to a stewpan, pour on the stock and bring to the boil. Cover and simmer gently for 1-1 1/2 hours or until tender. From time to time skim any fat which rises to the surface.

Remove and reserve the meat. Reduce the liquid by boiling over high heat. Alternatively, when the flavour is right, thicken by adding nuggets of *beurre manie* to the boiling sauce until it is thick enough to coat a spoon. Return the lamb to the pan. Add the artichokes, olives, peppers, tomatoes, raisins and lemon juice. Heat through gently for 15 minutes and season if necessary.

A Fresh Look at Fish by Sonia Stevenson (Mitchell Beazley 1996) is due to be published on October 15.

SONIA STEVENSON'S WHOLE FLAT FISH WITH HAZELNUT OIL AND WILD MUSHROOMS (serves 6)

Depending on budget and what is freshest at the time of buying, this recipe could be used for plaice, brill, Dover sole, chicken turbot, John Dory or pomfret.

6 whole flat fish, each weighing about 450g; 225g grolles or other wild mush-

The art of...
Susanna...

سكنا من الاصل

FASHION / HOW TO SPEND IT

Wacky Westwood for classic Dior?

The one-time queen of punk is emerging as front-runner for the job of designer at the prestigious Paris couturier, says Jane Mulvagh

Following the resignation of Gianfranco Ferré as designer of Christian Dior, France's most prestigious and patrician couture house, fashion circles are buzzing. Who will succeed him?

Three names are repeatedly mentioned: the Frenchmen Jean-Paul Gaultier and Christian Lacroix and England's Vivienne Westwood, who is emerging as the clear front-runner. Indeed Paris sources claim that she has already accepted the post but is unable to confirm until October. Her press office fields questions with a gleeful "no comment".

The appointment is vital, not only to the future of this vast luxury goods empire, but also to the cultural prestige of France. Dior lies at the heart of French haut bourgeois culture. The wives of presidents, ministers and senior civil servants, as well as the serious formal society which survives, are dressed with propriety - and a deco-

As early as 1985 Westwood told Malcolm McLaren she wanted to become a couturier

rous nod to fashion - by this great institution. The more dignified European royals also favour it for public occasion dressing.

Dior is not just the world's most famous fashion label but a national icon and has been since the 1950s. When the 21-year-old Yves Saint Laurent succeeded Christian Dior as designer in 1957, his debut collection, 1958, was rapturously received. Crowds gathered outside 30 Avenue Montaigne, chanting his name while, legend has it, exhilarated taxi drivers assured passengers that the "dauphin" had saved not just Dior but La France!

Even allowing for the reduced relevance of couture, this appointment bears a weighty significance not only in the international fashion world but also in French cultural circles. And it is in the gift of Bernard Arnault, chairman and chief executive officer of LVMH, the luxury goods holding company which owns the Louis Vuitton luggage label, Hennessy cognac, and Moët Chandon champagne, and fashion houses Dior, Lacroix, and Givenchy. Dior is also big business: 1995 turnover was almost FF31bn.

It might seem astonishing that Westwood, who has failed to shed entirely the sobriquet of the Queen of Punk, should be so well regarded at the heart of French fashion as to be shortlisted. But Westwood has determinedly undergone a sea-change in her design philosophy, a change that



Vivienne Westwood, a leader of fashion, in one of her many off-the-wall designs



Christian Lacroix and Jean-Paul Gaultier: also suggested as likely candidates



original Dior.

In the spring of 1991, it was rumoured that the renewal of Ferré's five-year contract was in doubt. I suggested to Westwood that I introduce her to the house as I believed she would be an appropriate candidate to succeed Ferré.

Many thought I was crazy: she had just won the Designer of the Year Award yet was still an outsider. Her second Designer of the Year Award and the OBE lay in the future.

Westwood, with a canny nose for a good opportunity, could not resist. Armed with her portfolio and as much chutzpah as we could muster we set off on May 15 from Heathrow.

We must have cut a strange pair at the crack of dawn in the airport terminal. Westwood negotiated the newly mopped floor with her platforms, one hand swinging a carpet bag, the other hitching up the skirt of her cling-film tight, gold-printed velvet dress. Atop 6in court shoes, I was



Gianfranco Ferré: resigned from France's fashion institution

dressed in her black velvet Rob Roy jacket with matching mini, and a cavalier's blouse.

Our appointment the next morning was with Daniel Piette, the director general of Christian Dior now director general of LVMH.

Dior occupies a whole block of the wide, tree-lined Avenue Montaigne. It is one of the truly grand couture houses left in the world. The dove grey facade is punctuated every few metres with a grandiose plaque which tilts down imposingly over your head and bears the house's initials in classic gold script.

The ground floor boutique is fitted with the sort of delicate, turned wood display cases that few contemporary cabinet makers could equal. In one, a virgin-white organza evening blouse for \$800, grander in its simplicity than any embroidered rival; in another a slim aubergine silk petersham evening pump for £220.

And the vendueuses, far too professional to resort to Sloane Street stropiness, are snappily dressed in grey or black and are the personification of that Gallic sledge, passed from mother to daughter: "I cannot afford to buy cheaply."

Westwood and I ascended the staircase from the relative commercialism of the boutique into the couture salons. Up there, the proportions widen, ceilings heighten and clues to trade lie hidden.

In Piette's office, I made the introductions, then handed the floor to Westwood, for this plucky, loquacious northerner was bound to present a convincing case. But she remained tongue-tied, nervously tugging her hem and running

her index finger along the corner of her mouth to remove imaginary saliva.

I donned the advocate's wig, but after 15 minutes it was clear that words would not suffice. I turned to the portfolio. Did he not recall Lacroix's great success with the mini-crinoline? He nodded.

And could he remember the date? Well, Westwood had pre-empted him by three seasons. And Lagerfeld's corsets for Chanel? Westwood had led the way three years earlier.

And so I continued, citing

examples where Westwood led and others followed. Did he not recognise the template of original Dior in her current fashions? His head now bent attentively over the portfolio suggested interest, but he was difficult to read.

Finally, I suggested that perhaps he would care to inspect some key pieces from the Westwood archives. He agreed and in doing so left the door ajar for future discussions.

The clothes were never sent to Dior, however, and I heard no more.

But Westwood recovered her voice: last month she approached Dior again to state her case. The status

she has now reached did not in fact require such soliciting - the directors of LVMH know she wants the job and that she was miffed over John Galiano's appointment to Givenchy.

What are her chances? Her talent, her whole-hearted belief in the couture métier and her deep-seated affection for the work of the house's founder are all indisputable assets.

But will her strident personality tolerate the strictures imposed? Would she pragmatically accept the mantle of Dior and design for the house's actual rather than imagined clients?

Perhaps such practicalities hardly matter, since the ready-to-wear task has already been assigned elsewhere. Arnault may feel that a headline-grabbing designer will more effectively promote the brand than tame, well-mannered clothes.

Whether Westwood is capable of adapting and whether her business partner, Carlo da Mario, would permit her to share her time between her own collections and those for Dior is in the end of little import.

What matters is the symbolic importance of this appointment. The French will be tempted to appoint a compatriot, for they feel their culture is already under attack from outside influences.

French creativity in general is in a lull and even in clothing and textiles, their second most important industrial sector, the design momentum is coming from Japan, America, Italy and Britain.

It is rumoured that Gaultier was initially offered the post and declined, and it is debatable whether Lacroix would want to be shackled by the Dior image. During couture week, however, Westwood was seen dining in public with LVMH executives and she has been tireless in her self-promotion to secure the post.

Though many French opine that Arnault should select a judicious low-key French designer, he will be unfettered by diplomatic constraints and will favour the most talented candidate, whatever their nationality.

The next couture show in January marks the 50th anniversary of Dior, an event to be honoured by a retrospective of his work, scheduled to open on December 12 at the Metropolitan Museum in New York. The announcement of a new designer is imminent.

Jane Mulvagh is currently writing a biography of Vivienne Westwood, which will be published by Harper Collins next year.

The art of dress through the ages

Susanna Rustin takes a look at a new book on old clothes

The National Trust's assortment of old clothes has the random character of a grand old dressing-up box. Made by an eccentric enthusiast of amateur dramatics, the collection housed at Snowhill Manor in Gloucestershire is exactly that.

Handed down through generations or kept in storage, the fate of these fashionable relics was often left to chance. Another National Trust collection, housed at Killerton House in Devon, was rescued by an actress from a bonfire in Oxfordshire during the second world war. Many of the surviving garments were too fragile to be photographed for Jane Ashelford's book.

More substantial than the evolution of the hemline, the history of fashion is also that of shopping. Revealing such detail as the appearance of price tags in 1780, the story also highlights factors vital to the industry, such as transportation.

Correspondence and diaries provide valuable clues to the place of dress in the lives of our ancestors. Far from frivolity, dress was a matter of state and an essential marker of class.

When this book concludes, in 1814, it was becoming increasingly difficult to tell a

person's social standing by their dress. Four hundred years before this would have been unthinkable.

When Henry Howard, Earl of Surrey, was tried for high treason by Henry VIII in 1546, among the charges brought against him was that he wore a doublet and hose of purple silk and gold tissue, the prerogative of royalty. When Henry's daughter Queen Elizabeth I ascended the throne, the Tudor spin doctors came into their own. Elizabeth was more interested than anyone in the power of her image.

Legislation divided society into nine tiers, and defined exactly what fur, fabric and trimmings were allowed to each rank. Such laws were not always enforced.

In the 17th century the central aisle of St Paul's Cathedral functioned as an impromptu catwalk, each morning. Called Fowles Walk, at the heart of the retail clothing district, this was the place to be seen. With the Restoration came the new vogue for wigs, documented by Samuel Pepys in 1668: "My coming in a perriwig did not prove so strange to the world as I was afraid it would, for I thought that all the church would presently have cast their eye at



Black velvet evening dress, c 1890, decorated with diamonds

upon me - but I found no such thing." This is also the story of European influences and political alliances - above all the Anglo-French rapport. As early as 1877 William Harrison complained of the "cuts and garish colours" brought across the Channel. In the years before the French revolution, young men who mimicked continental styles were labelled "macaronis" and ridiculed by satirists. A government

department called the Great Wardrobe flourished under the Stuarts, amassing spiralling debts under James I. By the 18th century the fashionable had begun looking to the French court for inspiration. No longer the preserve of the aristocracy, fashion also moved away from the metropolitan centre. The English love of the country spawned its own styles, while at the opposite end of the spectrum, the English taste for the out-

landish was indulged by French hair styles.

Along with industrialisation, the greatest revolution of the 19th century was that finery became a feminine concern, with men eschewing foppish decoration in favour of plain suits.

As mass production meant that readymade goods became more widely available, so the points of dress became ever finer and marks of social distinction more than ever jealously preserved. The Victorians had frequent recourse to manuals, especially when confronted by the awesome task of mourning. Tight-laced corsets became the bane of the medical profession, loose clothing associated with loose morals.

It was in revolt against Victorian fashion that Viscountess Harberton founded the Rational Dress Society in the 1880s, to promote "health, comfort and beauty". The new woman of the 1890s exchanged the bustle for more masculine attire. By 1900 four of the 10 leading couture houses in Paris were run by women, while the House of Worth led the market in fin de siècle opulence.

"The Art of Dress, by Jane Ashelford (National Trust), 229.95.



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PROPERTY



A near-defunct building in Bermondsey St, SE1, has been transformed into an ideal space for work and home

At home in the office

Rosalind Russell meets a couple who have successfully combined their workspace and domestic life

As a small boy growing up in north Essex, Mark Adams saw little of his father who left home early each day, not returning until late in the evening. Eventually, Adams senior took a flat in London to avoid the daily commute to the City from his country home.

It is a story echoed in thousands of home counties families, resigned to long and expensive commuting. "I would never do that," says Mark Adams. "It's a ridiculous way to operate your life." Now managing director of a company making ultra modern furniture, Adams and his textile designer wife, Jenny Moncur, live and work in the same building in Bermondsey. To Moncur, brought up on a farm in Hertfordshire, living and working in the

same place is natural. By the millennium, many more Britons are expected to be working from home. That may be the prediction, but in fact people are often reluctant to give up sociable office life for one of commuting with a computer.

According to a survey by the Henley Centre for Forecasting, 7 per cent already work full-time from home, with a further 5 per cent using a home office one or two days a week. It can be a lonely life in a boxroom, operating from the dining room table. In either case, it is difficult to exclude the

atmosphere of domestic life. Moncur and Adams had an advantage in that they designed their home/work space from scratch. The Grade II listed building near the Tower of London was near-defunct when they bought it in 1987. Built in 1906 for the Time & Talents Guild, an organisation that found socially useful work for girls of leisure and education, it had been visited by Queen Elizabeth, now the Queen Mother, in 1950, and by Queen Juliana of the Netherlands.

Debutantes with a social conscience danced, sang, gave dramatic performances,

held craft classes and bazaars in the service of those less fortunate. They were also expected to read aloud and print verses from the New Testament for distribution.

The building's listing presented some problems during conversion to a home, studio and office. And there was the question of how much light could be introduced to allow Moncur to design tapestries and work them on a large loom. (Her designs in carpet and linoleum can be seen in the most design-conscious places: on the floor of the lobby of the FT, in the London boardroom of

Jardine's and on Janet Street-Porter's snooker room floor.)

The couple also wanted to ensure that home did not intrude and encroach on work, and vice versa. The building had to serve as a gallery to exhibit Moncur's modern tapestries and textiles, and Adams' leather and steel furniture and shelving, which sells through Heal's and the Conran Shop.

The result is a carefully executed series of workspaces and domestic rooms, separated by differing ceiling heights and acoustic laminated glass screens.

They began by replacing the roof. When the original was removed, it became apparent the walls would need rebuilding, too. Although it did mean more expense than expected, it gave the opportunity to plan an environment which suited their requirements.

To persuade the people at English Heritage it could be done sympathetically, they visited Anhusson in France and noted how the tapestry workers fitted their looms into old buildings. The research paid off. Moncur's 19ft high studio is in what used to be an external dank stairwell, now lit naturally

via a glazed roof panel.

To prevent the house heating up like a greenhouse in summer, motorised blinds - like those used by the architect Sir Norman Foster - are operated by a switch on the wall. Handbuilt by a firm in High Wycombe, they cost less than £3,000. Their "commitment" is a short walk along a chequerboard corridor from dining room to office and studio.

They have, however, decided to sell and move to a property on the Moncur farm. Although Grade II listed and built of wattle and daub, it will be transformed into another studio-cum-

home. The London property is being sold through Knight Frank for £380,000, a price more NW1 than SE1.

Bermondsey, initially unpromising, has proved a sound commercial choice. Its reputation for being the place to fence stolen antiques is being revised upwards. An air of semi-respectable antique-ism is developing. What was once house clearance is now architectural salvage.

The extended Jubilee Line, when completed, will stop there. Developers are beginning to build loft-style apartments in buildings which used to form part of the old leather and wool exchanges. Cluttons are selling a development called Tanners Yard in Bermondsey, some of which will include work-place studios with huge windows. Prices for those start at £150,000.

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Expensive addresses

Prices appear unassailable in parts of London, says Rosalind Russell

It sounds deceptively modest. Number 43 Markham Street is an Edwardian terraced house with three bedrooms, a smallish kitchen and a 13ft garden.

Parking space is not guaranteed outside its shiny, black front door. The cost, however, is a bold £25,000. By contrast, The Old Vicarage is a Grade I listed manor house with four reception rooms, seven bedrooms, stands in extensive walled gardens and has a detached coach house cottage. It costs £125,000 less.

The disparity occurs, of course, because Markham Street is in the heart of Chelsea, a short walk from Sloane Square, London SW3, and The Old Vicarage is in the village of Great Doddington, eight miles from Northampton and a long, long walk from Peter Jones, the department store.

The Old Vicarage is delightful, but Markham Street is the trophy home. Just as rich men collect beautiful wives to enhance their status, so they buy prestigious addresses to emboss upon their Christmas cards.

Markham Street and the surrounding area, as far as Upper Cheyne Row and Carlyle Square, include noble, old-money rock stars and new money-makers among the residents.

For them, less is more; quality a more urgent requirement than size. Others might balk at paying more than £4m for a house with just three bedrooms. In St Luke's Street, nearby, John D Wood is selling a four-bedroom terraced house at £575,000 - one of the bedrooms measures just 7ft 8in by 7ft 4in; another is 8ft 7in by 7ft 11in. But SW3 prices, it appears, are unassailable.

"This is a very popular part of Chelsea," says John D Wood's Tim Le Blanc-Smith, in defence of the high price bracket. "And there is always a big demand for those houses."

"They are tucked away, quiet, pretty, close to the river and to the King's Road. People are prepared to pay a premium to live here."

Knight Frank had little difficulty in raising interest in 19 Cheyne Walk, a five-bedroom Georgian family



Cachet: 12 Guthrie St - small yard for £435,000; Hybdare, Cornwall - £400,000, including vineyard



Disparity: 43 Markham St, Chelsea (left) is at £225,000, while The Old Vicarage is priced at £400,000

house in SW3, in spite of it costing £2.45m and there being only 57 years remaining on the lease. The prospective buyer is happy to pay for the privilege of having one of the best addresses in London and a prime view of the Albert Bridge and the Thames. Whatever befalls the rest of the property market, Chelsea remains a safe bet.

Further afield, the smarter reaches of Barnes - where £425,000 will buy a good address but few bedrooms and perhaps no off-street parking - and a few, select streets in Hampstead are still bankable. Both have a loyal following among actors who have made their name and their money. No.1 Hampstead Square is like a doll's house, Georgian, Grade II listed.

The five-bedroom house looks huge, but is only one room deep. It has a small walled garden but no garage - as EFR's Grant Alerson points out, there was not much call for them in 1721.

The price is £1.495m.

Buckinghamshire and Berkshire still spell money and prestige in property terms. Elegy House, Stoke Poges, Bucks, is the kind of address which should ring bells with anyone acquainted with poetry.

This former vicarage to St Giles Church in Stoke Poges, a Georgian castellated seven-bedroom house, is associated with Thomas Gray, the poet who is buried in the village. His "Elegy Written in a Country Churchyard" was, however, written more than 50 years before the house was built.

The Grade II listed property is only a few minutes' drive from Slough, also memorably, but less flatteringly immortalised in poetry by Sir John Betjeman.

Hamptons says the guide price is £725,000.

Keepers, two miles from Sunningdale, began life as a modest Norman Shaw Victorian cottage. It is now £1.5m six-bedroom house and has caught the eye of actor-director Kenneth Branagh, but his offer is subject to permission being granted to knock it down and rebuild.

The 24 acres of secluded gardens with a lake may hold more attraction than the billiards room and 40ft indoor pool.

Cornwall may not have the cachet of Chelsea, but the two do have some house prices in common. No.12 Guthrie Street, SW3, can offer three bedrooms and a small yard for £435,000.

In Fowey, £400,000 will buy Hybdare, a Victorian dairy conversion with three bedrooms, cottage and a 15-acre, award-winning vineyard. Having one's own label on the Chardonnay must run a Chelsea address a pretty close second.

The Old Vicarage is for sale through Jackson-Stops 01604-32991; Hybdare is for sale through Knight Frank in Exeter 01392-42311; John D Wood (Chelsea), 0171-352 1484; Hamptons (Maidenhead), 01628-22131.

سكان الامل

OUTDOORS

The late Stephen Spender used to say that all authors are writing to please an Absent Other. The absent presence in my mind are not those other apparent heroes of the Weekend FT...



MR HARRISS BATTLE TO RID THE GARDEN OF THE BINDWEED HAD BECOME SERIOUS.

Gardening

A beast of an enemy

Robin Lane Fox wrestles with a climbing nuisance - the flowering bindweed

It is best to strike it May when the bindweed's purple smouts first poke through the ground. Then you can paint them with a solution of weedkiller...

The field bindweed tends to root more deeply and to go straight down without making a tangle. It spreads by seeds as well as by fragments which break off during excavation...

Weekends during summer. Weeding is said to be an unattractive pursuit. I strongly disagree. It involves discrimination, deftness and ingenuity...

Then, it is a hands-on process until you extract the entire length or tangle at the bottom. Experience allows you to tell if you have broken it or if you have recovered an entire fragment...

lar characteristic which optimistic books never discuss. All weekend, my Absent Other can excavate it, fork over the ground and believe that they have cleared it of invaders...

True, it went slightly brown at the base, but it covered everything and had sheets of white flower like magnificent lilies, without scent, so far as he could tell. For one moment, I thought of going out to an infested patch of day lilies...

Country Notes

The fox always gets the blame

Lambing ewes pay little attention when a fox enters their field. John Webster told me as we walked over his Cumbrian hill farm. "A dog, on the other hand, will cause them to run and even panic. In fact, they take less notice of foxes than of cats..."



The fox has become a convenient scapegoat. One Highland gamekeeper is noted to have said that it would be a bad day for the shepherd when the last fox went from the hills. This is because the fox can be blamed without question for the so-called "black loss" - those lambs which simply disappear from the vast acres of broken Scottish uplands...

Michael Woods

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addresses Rosalind Russ. A large advertisement on the left side of the page featuring a house illustration and contact information.

EDUCATION

Through the clearing maze

A missed grade need not mean a missed university place. John Authers looks at who you can turn to for help in finding the right course among the thousands of vacancies

Every year when A-level results are published and show an overall improvement there is an acrimonious debate about whether the students have got better or the exams have got easier. This year is no exception as the pass rate has again increased, this time by 1.8 percentage points.

The next stage in the process is a wave of stories suggesting that the number of high grade passes has caught universities on the hop and admissions tutors are finding more candidates than expected have achieved the required or higher grades, reducing the opportunities for the less fortunate.

If you are one of the unlucky ones who just missed the required grades, this can only add to your distress. Unfortunately, reports to the contrary will not offer much relief. The Committee of Vice-Chancellors and Principals, the organising body for UK universities, says: "A 1.8 percentage point increase is more or less what you have come to expect and it will have been built in to universities' calculations."

Although the clearing system starts next week, places on the most popular courses will almost certainly have been filled. Many universities will also have oversubscribed on candidates. Any which are forced to take more students than there are places in popular courses such as English may cut back excess places on the less popular subjects such as physics and engineering. This should not pose too many prob-

lems because the least popular courses are usually under-subscribed.

The Universities and Colleges Admissions Service which controls clearing, has predicted "another smooth year". It says there are a total of 280,000 places on offer with about 420,000 applicants (1.1 per cent fewer than in 1995). Last year, 41,000 places were offered through clearing, 14 per cent of the total.

If you need to apply through clearing, Ucas has plenty of advice. First, if you have only just missed the grades required for a university place, it is worth contacting the department concerned as it might still have a place on offer. If you did not know the grades for the first choice "CF" offer, you might be able to take up your insurance or "CI" offer.

If Ucas confirms either of these places, the commitment is binding. Applicants cannot reverse their choices. The one exception to this rule, however, is if the course offered by the institution is not a full degree course, for example, an HND course. In these circumstances, you are allowed to turn down the HND course if a more prestigious one can be found elsewhere. Ucas, however, says this strategy can



There will be more smiling faces than ever this year with an increase in A-level passes

be dangerous. All decisions on conditional offers must be sent to Ucas by August 24, so students should know the worst by August 27 or 28, post office strikes permitting. Clearing entry forms have been available to those eligible since early July. Forms will also be sent to those who have become

eligible. In addition to the form, applicants must arm themselves with as much advice as possible. There are many free help lines (see below) to turn to, in addition to the county careers services and schools. University vacancies also will be advertised in the national press and on Ceefax. Once you have found a univer-

sity you are interested in with places on offer, you have to phone it. If it is engaged, you have to try again, ready to quote its clearing number printed on the front of the clearing form. If the admissions tutor is interested in your application, they will ask to see the clearing form. The form must be the original and not a copy - Ucas wants to avoid

candidates conducting negotiations with more than one university at a time. If possible, the form should be delivered in person - this shows the university you mean business, gives you a chance to get a feel of the place, and if everything goes well even allows you the opportunity to sort out accommodation before you leave. It also avoids any delays, which could cost you a place.

The other scenario of course is that the university does not accept you. In this instance the clearing form is returned and the process starts again and can continue until the end of September, or until universities have filled their courses.

Re-sitting A-levels to improve grades might make sense. If so, there are plenty of tutorial colleges in the independent sector offering courses designed for re-sit students. Such courses are expensive, but are generally good value for money - classes are rarely larger than eight, tutors are highly skilled in covering the required work; and the typical routine of taking a mock exam each week is almost certain to improve your performance if you did not do yourself justice the first time around. However, tutors say they are

not in the business of improving the grades of those who performed up to their potential first time round, and will normally ask searching questions to determine this before accepting you on to the A-level course. Without an obvious reason for under-performance - lack of hard work during the two-year course, a protracted illness, or a serious bout of nerves on exam day - you may be advised against re-taking.

Students considering this path should check thoroughly the courses on offer. There are several different A-level boards and numerous different syllabuses for each subject.

Colleges generally have a limited number of re-take courses and boards have differing timetables, some requiring you to re-take in November and others in January. A visit to the colleges is also advised.

Those who do want to take this route will be pleased to know that discipline at the colleges is pleasantly relaxed - tutors know how motivated you are.

- **Useful numbers and addresses:** Ucas, Fulton House, Jessop Avenue, Cheltenham, Gloucestershire GL50 3SE. 01242 827783
- **BBC Student Choice** runs a free help-line: 0800-100900.
- **BBC Capital FM radio** in London also offers a nationwide "Call a Course" service, with advisers from the London Borough Careers Service: 0171-968 6000.
- **Gabbittas Educational Consultants** offers advice services on tutorial colleges for re-sits: 0171-734 0161.

Action adventure after the As

There are ample opportunities for students in search of something extra to add to their curriculum vitae

If your A-level results were not quite what you hoped, you might just feel like leaving the country. But spending a year "trekking" without having secured the expected university place, can be a more positive action than it first seems.

Deferring entry has become steadily more popular over the past decade and some universities actively encourage it, wanting to take on the more mature students who have acquired some experience.

But the likelihood that universities will soon start charging fees for attendance strengthens the case for starting your course as soon as possible. This claim, however, can be overstated. A few of the largest and most prestigious universities might start levying fees in 1997. But the results of a commission of inquiry, chaired by Sir Ron Dear-

ing, are not due until next summer, so it is unlikely that many universities will start charging until 1998 at the earliest.

Sir Ron's committee is likely to recommend that the government provides subsidised loans to help pay the fees, theoretically making a student's university years less poverty-stricken. The loans would, of course, have to be repaid once the student started work.

So while the financial case against a year off is not strong, the case for deferring is supported by a growing number of companies involved in arranging exchanges.

Such exchanges were originally developed to fill the time left to students who had applied

for the old "seventh term" Oxbridge application exams, taken in the November after A-levels.

Now, the exchange is much more than a scheme to enable students to fill in a few spare months - it has become one of the few opportunities for real excitement and adventure before joining the real world. It is much harder to take "time off" once you have embarked upon the post-university career.

The programme of GAP Activity Projects, one of the longest established, outlines a number of possibilities. GAP offers place-

ments in 34 countries, generally lasting between six and nine months, including sheep-shearing in South America, teaching mountain-climbing in Australia and hospital work in Asia or the Middle East.

According to one volunteer who spent five months as a park ranger in the Caaguazú National Park in Paraguay, the experience can be more of an education than the first year of a degree course. "One well provided all our water, one generator supplied intermittent electric-

ity and one food drop a month gave us the staples of our diet, which we supplemented through growing vegetables and bartering with the Guarani Indians, who occupy a parcel of land adjacent to the park," he says.

He spent his time cataloguing the flora and fauna of the rain forest, developed his Spanish, and learned to play the guitar. The student volunteers have to pay a fee of £440 and meet the costs of flights and insurance. Companies meet the cost of food, accommodation and usually pocket money. The Council for International

Educational Exchange offers opportunities to study at universities overseas. Language courses include French at the University of Stendhal, Grenoble, and Spanish at Salamanca, Spain, or Guadalajara, Mexico.

Other courses combine languages with a particular field of study, for example, tropical biology and conservation in Costa Rica, or Judaism and the Holocaust in Poland. In the US, you can join first year undergraduate courses.

The cost of the courses varies: studying in the US, at either UCLA or UC Berkeley in California, will cost at least £1,000, up to a maximum of £2,200. Europe is cheaper: month-long French courses start at £555, which

includes meals, accommodation and insurance.

A few months of alternative experience before university offers recruiters a little extra, not to mention a point of conversation at interviews, and makes particularly good sense given the high number of degree graduates.

To quote one example, it is much easier to get a job as a senior accountant with a large City investment firm if your CV includes not only impeccable academic and professional credentials, but also "six months work on a pig-farming kibbutz".

John Authers

- **Gap Activity Projects**, GAP House, 44 Queen's Road, Reading, Berkshire, RG1 4BE.
- **Council for International Educational Exchange**, 52 Poland Street, London W1V 4JQ.
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TOP 500 SCHOOLS

On Saturday 24th August, the Weekend FT proposes once again to publish the Top 500 Independent Schools league tables. Any school wishing to advertise in this feature should contact Will Piper on 0171 873 4418, or fax on 0171 873 3098

صحة من الامم

SPORT / MOTORING

Football

Money can't buy everything

John Perlman on the role of the youth system amid all the cash

If it wasn't evident before last Sunday's Charity Shield final, it must surely be plain as a red card in the face now. Even in the cash-crazed world of the Premiership, even with the gap between the rich and poor stretching as wide as the Grand Canyon, money still can't buy you everything in football. Pundit notes may fall from the Sky, but trophies do not.

As the new season begins, fuelled by unprecedented pre-season spending, it might seem strange to laud the country's richest club as champions of the cottage-industry route to success. But Manchester United won the league and FA Cup double last season - and at Wembley against Newcastle signalled their intentions to match that - with a team increasingly built around a core of players nurtured through its youth system.

In the Charity Shield, five of the starting 11 who finished Newcastle off in the opening half-hour, grew up at Old Trafford. And one, David Beckham, responded brilliantly as Alex Ferguson remained everyone of his immense managerial shrewdness.

With the signing of Czech star Karel Poborsky and the Dutchman Jordi Cruyff, Beckham - who also plays wide - was the incumbent most under threat. Ferguson, by sticking closely to the line-up that won the FA Cup in May, sent his youngsters a clear message: "Show me how badly you want your place." Beckham showed him. He was the best player on the pitch.

All the ingredients of United's extraordinary achievements last season and their excellent prospects for this one have been painstakingly gathered and carefully mixed. They could not be bought for the £15m that Newcastle paid for Shearer. They are not on sale at any price.

John Perlman on the role of the youth system amid all the cash

He will bounce back, probably with another 30-goal haul in Euro 96, after 20 barren months in an England shirt when many had been clamouring for his replacement. He will bounce back, probably with another 30-goal haul. But will another big injection of Sir John Hall's money win Newcastle the Premiership?

If Kevin Keegan had spent the money buying England's versatile and mobile central defender Gareth Southgate and Germany's unshakable midfielder Dieter Eilts, the man who rivalled Shearer as the star of Euro 96, then maybe. And he could have invested the change from the purchase in jacking up a youth system that has delivered just one player to the current first team, which has been assembled at a cost of £80m over the past four years.

Eilts would not have generated the same pre-season revenue - with names on the back of souvenir shirts charged by the letter, he's a bad investment. But Newcastle lost a championship race they led by 18 points last season because the midfield, glorious going forward, offered a moderate defence no protection. New season, old problem, same outcome.

That leaves only one team with a real chance of stopping Manchester United, who must still fill the defensive hole left by departing skipper Steve Bruce. Many insist that Liverpool on their day played last season's best football. Fine and dandy, says manager Roy Evans, but we won nothing. This season's Liverpool, he vows, will have a steeper spine.

Evans' sole new signing, the Czech Patrik Berger, will add some pace and flair to the left side of midfield. And Anfield's youth system - which has already unearthed

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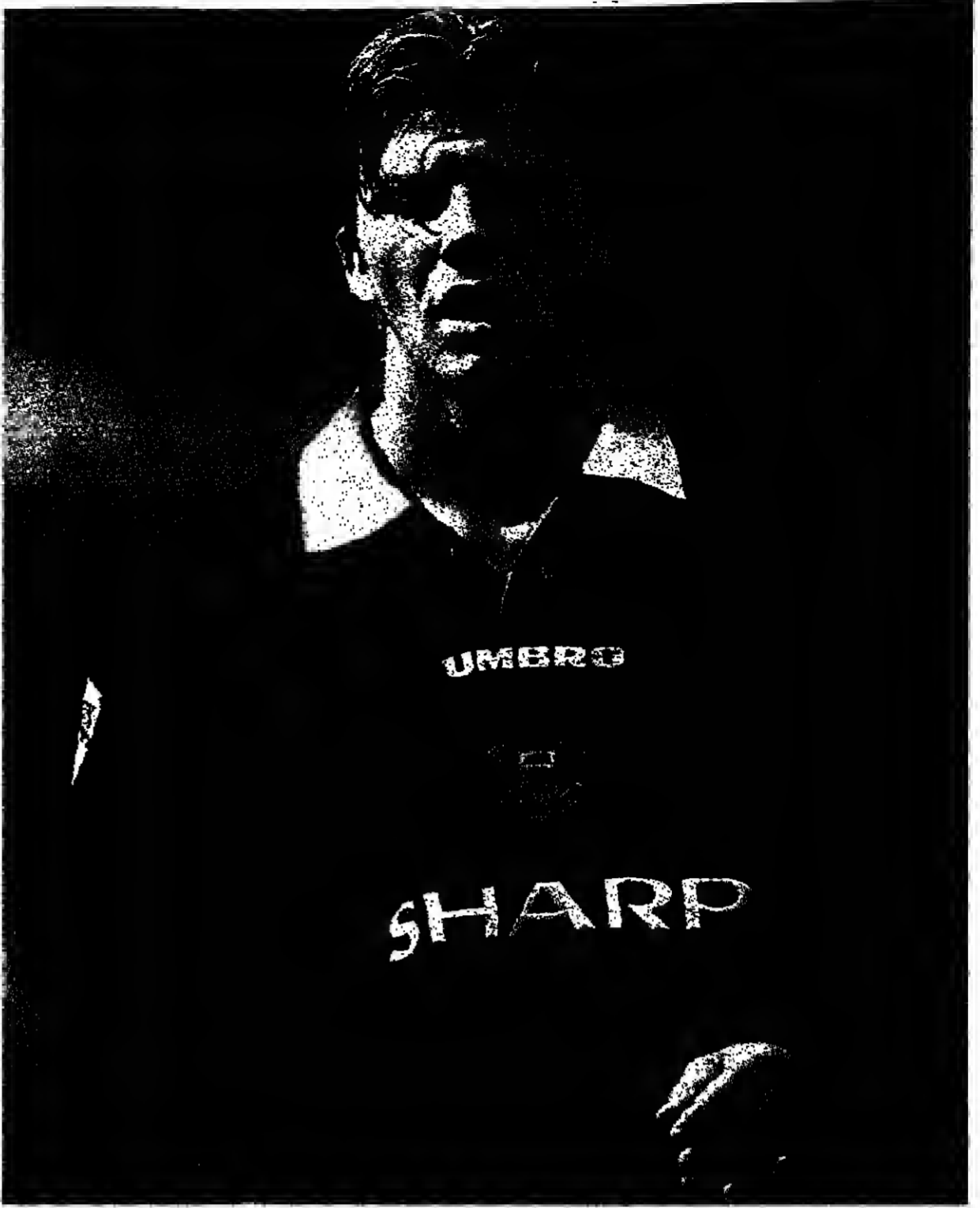
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Best on the pitch: Manchester United's David Beckham has to show how badly he wants his place

Colin Phipps



Karel Poborsky: part of Ferguson's careful mix

Colin Phipps

Formula One is about to discover football. Not that Michael Schumacher's occasional paddock kleckabout with the Ferrari mechanics is to be formalised into the F1 Premier Division. Rather that motor racing's financiers are beginning to see pointers in how Britain's top soccer clubs conduct their affairs.

Motor racing has always been seen as an expensive sport that creates wealth rather than consumes it, except for a few superstar drivers. Teams are typically led by engineers - the eponymous Frank Williams of Williams-Renault and Ron Dennis of McLaren spring to mind - who employ marketing men of varying degrees of sophistication to raise sponsorship money to fund drivers and cars.

The sums involved are huge. To be the title sponsor of one of the Big Four teams, as Rothmans are with Williams or Marlboro with

McLaren, can cost the sponsor more than £20m a year in direct payments, with as much again spent on promoting the company's involvement.

These are just the deals brokered at boardroom-level. At the other end of the scale even respectable mid-rank teams use the services of commission-only "fixers" who might sell a company chairman a logo on the car and a brace of paddock passes for £50,000 with just hours to go before a grand prix.

"Undignified, unprofessional" is how one of the team bosses described the system of funding a competitive car and driver. He does not want

to spurn publicly the sponsors who keep his team afloat and provide drivers and employees with an enjoyable and lavish lifestyle - but he would rather not have to rely on them.

Apart from any other consideration, he knows that the tobacco firms are "last gasp" sponsors. Their ability to project their brands on television has been so curtailed by legislation that they are in Formula One for only one reason - it gets their advertising on television in front of a global audience. The anti-smoking lobby is growing in influence and the "tab-cash" may not be around much longer.

Two football clubs interest my friend in Formula One,

although he is not a soccer fan. One is Manchester United. That club's merchandising of itself as a brand is light years ahead of anything achieved in any sport outside the US, more than £20m profit in a single year, mainly from clothing and other licensed goods. Yet several Formula One teams have just as strong an international image.

The Formula One Constructors' Association recently signed a little-publicised agreement with Specialised Licensing Services SA, the powerful arm of the Disney Corporation that deals with product merchandising. Its director Jerome Archambaud was appalled by the retailing he saw at his first

visit to the European Grand Prix at Nürburgring earlier this year.

He found the shopping experience tatty and depressing but says changes are already under way to improve standards and market new products of better quality on behalf of the teams. In the long term, Archambaud plans to have F1 boutiques within shops such as Harrods and Polo Ralph Lauren.

Leeds United are the second and more interesting club. The Yorkshire team was taken over last month for £30m by Caspian, the small, publicly quoted media group. Chris Akers, the 31-year-old former City analyst running Caspian, did not

raise the money to buy Leeds because of childhood memories of Elland Road. He wanted a Premiership club because they are a finite breed (like F1 teams) with unique access to the money and marketing opportunities now pouring into top-level football.

So why not just float a Formula One team? Until recently the answer has been clear. No one except the most soft-hearted petrol-head fan would buy shares in a business that had no revenue beyond unpredictable handouts from sponsors.

This is about to change. Analysis shows there will be an explosion of income in Formula One and that the

competitors are going to have a bigger share of that than ever before. The secret Concorde agreement, which basically governs how F1 is carved up between Bernie Ecclestone, organisational supreme of Formula One, and the rest of the players, is under negotiation for the 1997-2001 period.

Having been revealed as having Britain's biggest corporate pay-packet (£45m a year in both 1993 and 1994), Ecclestone is being forced to concede a bigger slice to the teams. Since the cake is growing exponentially, the imperious Ecclestone should feel no pain in the back pocket.

New television deals with ITV in Britain, DF1 in Ger-

many and Canal-Plus in 70 other countries will shortly yield more than \$100m a year. The teams are poised to receive half of this. In addition, the income being generated as rights-holder to the races is now growing even faster. A track that wishes to hold a grand prix is looking at paying a fee of around \$8m a race. Multiply that by 16 races a season.

Ecclestone's public ambition is to turn F1 into a \$1bn-a-year industry by 2000. He has succeeded with most of his previous goals.

Suppose the teams are successful in negotiating a 50 per cent share of that total. Divided between a dozen teams, \$500m provides the revenue basis that could keep shareholders more than happy and give the teams a capital base they have only dreamt of, letting them wave goodbye to the tobacco barons. What chance the stock exchange seeing the first F1 company prospectus before the end of the 1997 season?

Frank and nephew of Eddie Gray was Leeds' best player in last season's Coca-Cola Cup final. But how much will he play this season now that Howard Wilkinson has spent another £9.5m?

The answer will say much about whether this season will see Premiership clubs make use of all their riches and not just their money.

The 18-year-old son of

Motor Racing

On track for a cash carve-up

Formula One is looking to football clubs for pointers on how to make money, says Keith Wheatley

Formula One is about to discover football. Not that Michael Schumacher's occasional paddock kleckabout with the Ferrari mechanics is to be formalised into the F1 Premier Division. Rather that motor racing's financiers are beginning to see pointers in how Britain's top soccer clubs conduct their affairs.

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You could call it a bargain motoring week. On Monday, I tried BMW's new 5-Series entry model, on Friday, the latest Hyundai Coupé, and I drove to both launches in a Seat Alhambra.

If a bargain-priced BMW sounds contradictory, bear with me. The 520i has an all-aluminium, 2.0-litre in-line six of BMW's legendary smoothness but weighing just half as much as the former cast iron engine. Equipment includes ABS brakes and ASC+7, a sophisticated traction control system. Drive and front passenger have airbags protecting them from head-on and side impacts. There are electric windows, remote central locking with alarm and immobiliser, heated door mirrors and washer nozzles and a six-speaker radio/cassette player. List price is £22,950 (£23,550 from September 1), which means it costs 3 per cent less than a comparably equipped old model.

As the new 520i is a stunningly good car - more like a slightly smaller 7-Series than a mere 5-Series replacement - the word bargain is justified because no executive car of similar quality and status comes cheaper.

Air conditioning and automatic transmission, which every year more business user-choosers wisely insist upon, are extras in the entry model 520i but the 520i SE, which will be the big seller in Britain, has air conditioning as standard. From September 1 the SE will cost £23,150 (manual) and £23,370 (automatic).

Nothing in this world is perfect but even a nit-picker would find it difficult to fault the new 520i. It rides like a limousine but has sports car agility, is handy in town and relaxed on motorways. Road, wind and mechanical noise levels are low; it seats four with room to spare, five without discomfort and has a big boot. Top speed is an irrelevant 137mph/220kph, and reaching 62mph/100kph from a standing start can take as little as 10.7 seconds. The real world figure to remember is the 10.7 seconds it also takes to pick up from 50-75mph (80-120kph) in fourth gear which ensures rapid, safe overtaking.

Another reason is that the five-speed automatic, used on all 5-Series cars, matches gear ratios to engine demand better than most drivers. Its effect on performance and economy is minimal.

Korean-made cars are expected to be cheap because they have always sold on price. The surprise is to find one as good as the new Hyundai Coupé.

Its competitors - BMW 318i, Honda Prelude 2.0i, Ford Probe 1.6, Vauxhall Calibra 1.6 and Toyota Celica 1.8T - are listed at between £16,999 and £19,285. The standard Hyundai Coupé costs only £14,999 and the SE

model, even better value because air conditioning, leather seats, six-speaker CD player/radio and cruise control are standard, £16,499.

On Goodwood's former motor racing circuit the 2.0-litre Hyundai showed full-safe handling at higher speeds than are usable on the highway. On the minor roads and motorways of West Sussex, it felt reassuringly solid, nimble on bends and more than adequately lively. Motorway cruising was unfussed, the driving

position excellent and I could have believed myself to have been at the wheel of any of the Hyundai's costlier rivals.

Interior dimensions are better than the class average though still a bit cramped for tall people, but Koreans love golf so the boot is a sensible size.

Badging apart, the Seat Alhambra MPV (multi-purpose vehicle) is virtually the same as a Ford Galaxy or Volkswagen Sharan.

No vehicle stands in greater need of air conditioning than an MPV, which has nearly as much glass as a small greenhouse and would get just as hot on a sunny day. The Alhambra is more enjoyable to drive or ride in than a typical 4x4 recreational on-off-roader, and its high seats give as good a view over hedges and cars in front.

The ride is softly shock absorbent, the steering and gearshift feather-light. Although its 90 horsepower output is modest, the engine puts so hard at low speeds

that the Alhambra does not have to be rowed along with the gear lever. It cruises quietly on motorways and a sensible driver will have no difficulty in bettering 40mpg (7.06l/100km) on a journey. The vast load space has a concealing cover and power points for plugging in things such as electric cool boxes.

Low price, standard air conditioning and three-year unlimited mileage warranty give retained values and whole life running costs predicted to be better than those of any rival. The independent Fleet Audits organisation forecasts 30.23 pence per mile over a three-year, 60,000-mile period for the TDI against 21.38 pence for the 2.0-litre petrol version.

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TRAVEL

Peeling back layers of Greek history

Nigel Spivey says Thessaloniki has much to offer as Europe's next cultural capital

Thessaloniki may be an ancient place, but there are two dates in its more recent history that will haunt and attract its visitors. The first is 1917, when a great fire consumed about two-thirds of the city.

Much of the rebuilding of Thessaloniki was carried out on top of uncleaned rubble, resulting in some odd disjunctions of floor levels here and there.

But appearances can be deceptive. Visitors may be surprised when peering into some of the city's ancient buildings - instead of finding, for example, musky frescoes in an antique Byzantine church they could find a bright, whitewashed interior.

The second date is 1943. Around 45,000 Jews were expelled from Thessaloniki that year, almost all of them to Auschwitz.

Again the landscape holds clues to the city's past. Some 30 synagogues were razed and the occupying troops desecrated the Jewish cemetery. The cemetery was extensive, for Thessaloniki had hosted a Sephardic Jewish community since the late 15th century.

Hardly 2,000 Jews survived the SS purge and most of their properties were occupied, with German encouragement, by Greeks.

One building commandeered by the SS as an office for their operations was a turn of the century Viennese-style property favoured by the Jewish bourgeoisie. The building is now the headquarters of the Organisation for the Cultural Capital of Europe and presents a striking contrast to its neighbouring tenements on the road running out to the airport.

One of the OCCE's aims is to celebrate the fact that Thessaloniki was once seen by many of its inhabitants as "the mother of Israel".

As the Cultural Capital of Europe in 1997, Thessaloniki will witness much activity. Panos Theodorides, director of artistic events, will drive the activity from this elegant villa turned headquarters.

He is already the office's fourth incumbent and consequently is only just getting the city's series of events together.

The OCCE is well qualified for the job ahead - as one secretary pointed out to me, the organisation is one in

which secretaries have research degrees in the later works of Dickens, for example.

"We have the big ideas," she said. Her candour came as we emerged from a meeting with the Mayor, Konstantinos Kosmopoulos.

Kosmopoulos told me that the concept of a cultural capital originally came from Greece and was conceived by the late Melina Mercouri. Athens was the prototype. Twelve years on it is again Greece's turn.

Thessaloniki sees itself as much more than a European nexus

Thessaloniki briefly had to wrestle with the charming Naxos in the Paloponnese, which also bid to become Europe's cultural capital. Kosmopoulos sports at the very thought of Naxos in this role. In fact Thessaloniki grabbed the candidacy and a first instalment of central government funding - Dr14m (£38m).

Thessaloniki's paragon in this role is not Athens - indeed it could be any port city which has used the cultural capital tag to adapt and revitalise its area. Kosmopoulos says Glasgow's permanent change of image is an example of what he wants Thessaloniki to achieve.

Thessaloniki has already shown this can be done. "Have you been to Mylos?" I was asked by an official at the OCCE's headquarters.

"You must." He nodded at another secretary, named Photoine (the shining one). "She will take you."

I was duly whisked off at 11pm - when most Greeks begin to think about going out - to a converted flour mill, a suburban micro-city.

The mill was throbbing. Young people were out in force - one part of the complex swayed to a rock band, while elsewhere, below multi-storey art galleries, teenagers mingled with parents, pensioners and toddlers in bars, restaurants and

cafes. The city's series of events together is a triumph of inter-generational recreation space. Many more public points of focus are planned for Thessaloniki, including

which secretaries have research degrees in the later works of Dickens, for example.



Alexander the Great, rising on his prancing steed, is a symbol not only of ethnic defiance but also aggression

museums of photography, cinema, modern art and industrial design. Indeed, to study the rhetoric of the city's programme for 1997 is to realise that Thessaloniki sees itself as much more than a European nexus.

The city was once a strategic link between eastern and western parts of the Roman empire. Now it acts more as a radial intersection, with signs in the city pointing to Bulgaria and elsewhere in the Balkans (sign-makers are wisely waiting for further instructions before they replace Yugoslavia with more specific destinations).

At the Russian market, held every Wednesday around the Rotonda church, stall holders come from as far as the Black Sea to display their wares. (Now the biscuit tins on wheels which pass for cars in the former Soviet states make it so far a mystery.)

Some of the goods on sale at the market look like they have come from an impromptu house clearance. But these are diaspora Greeks establishing themselves on the bottom rungs

of the market economy and one feels a duty to support them by buying a lackwax blada, or little black bear.

Greeks from abroad (from Australia to the Ukraine) are being encouraged to participate in the 1997 festival. Thessalonians are also expecting one or two Turks to arrive: this is, after all,

the city where Atatürk was born. The birthplace is now a heavily guarded consulate and a little-visited museum.

The city has plenty to show off. Buses congregate around the newly excavated Roman marketplace, which will be open to the public next year. And the imperial palace of Galerius is already the spine of a shopping precinct. With flexible calf mus-

cles, it is possible to cover most of the city on foot.

As Thessaloniki rises steeply from its centre, a sense of the city's old structures returns. Much in these higher parts survived the 1917 fire.

Wandering the tangle of 60-degree sloping streets, you come across cobblebed, wooden-gabled houses, relics of the last century. The houses have been purchased by the OCCE for restoration and conversion.

Byzantine churches can also be reached from this approach. One is St Nicholas Orphanos on Prodout Street, clustered by cypresses. Less easily traced is a little 7th century chapel of Hosios David. Lit only by candle-

light, the chapel's apse mosaic is at first difficult to make out, but is all the more memorable for that. It shows Christ enthroned, flanked by two brilliant Prophets. From outside, in the balcony yard, you may hear a hiss and purr - this will be a priest ironing his smalls.

But the really historic news about the city's plans for 1997 is that its Museum

of Byzantine Culture, by concession of the Double Holy Synaxis of the Holy Mountain, will host 600 treasures from the retreats of Mount Athos. To appreciate what a coup this represents, one has to be aware of the delicate relations between church and state in Greece.

The display of treasures may be no substitute for a pilgrimage to Athos, but for all those without access to beads, it will be the chance of a lifetime to see what orthodox denies them. It is also perhaps the most compelling of many good reasons to see in person how Thessaloniki fares as Europe's next cultural capital.

■ Nigel Spivey flew to Thessaloniki from Heathrow with Olympic Airways (tel: 0171-409 3400). The Organisation for the Cultural Capital of Europe is at 105 Vasilissis Olgas Avenue, Thessaloniki 546 43. Tel (00 30) 31 867860.

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Politics and culture for all to ponder

Alexander the Great. You get used to his noble profile ecstatically frowning on all sorts of objects, from medallions to match boxes.

On the broad cornice of Thessaloniki's sea-front, against the spires and tibia of distant cranes, he rises on his prancing steed as a symbol not only of ethnic defiance, but aggression.

And in the Archaeological Museum, one sees what is rarely repeated elsewhere in Greece: crowds of Greeks, not foreigners, getting animated at the displays. Here it is more than the astonishing finesse of the goldwork recovered from the Macedonian royal graves at Vergina which generates excitement. It is also the sense of proprietorial satisfaction.

The buzz, the tugged elbows, the pointing fingers, say it all - the golden myrtle wreaths and chests emblazoned with the dynastic star-burst are splendid relics, but more importantly they belong to us, they define our right to a name.

So how big is the Macedonia issue here? I put this question to Athanasia, my guide, as we sped along the highway to Vergina. Her shrug was eloquent enough. She confirmed the impression I had already gathered: that Macedonia is a problem that exercises Greeks everywhere except Thessaloniki. Being a scholar, she observed that the other Macedonia whose capital is Skopje enjoys a geographical overlap with ancient Macedonia. And she admits that ancient Macedonians were not ethnically identical with ancient Greeks.

"Philip II of Macedon conquered Greece. That's what I learned," I said. "Yes," said Athanasia. "But he schooled his son in classical Greek. The ancient Macedonians wanted to be Greek. You can see that all over. So it's a nuisance to us, that these Slavs take the name. They could at least call themselves 'North Macedonia', or something like that. But we don't stir it up here. Now there are buses of people from Skopje coming down to Thessaloniki every evening."

So much for that problem: an irritant to Thessalonians, a matter for martial action to Athenians, Corinthians and others.

We bowled into the red-roofed village of Vergina. Though she is a regular visitor here, spending her summers with the excavation team from Thessaloniki University, Athanasia was amazed at new developments.

The area around Vergina was only settled in 1922, when thousands of Greeks quitted Anatolia after the disastrous attempted

invasion of Turkey. Then, refugee home-builders availed themselves of a stock of ready-cut stones that made up the walls of a ruined palace. Now, tons of concrete are being poured to accommodate the vast numbers of tourists expected to visit what remains of that palace, and its related antiquities.

We parked on the edge of an area designed to take several hundred Pullmans. "Pray God they put some flowers here," muttered Athanasia.

She took me up to the palace, where her guidance was indispensable to making sense of the layout of foundation walls and toppled columns. We then went below to a little theatre in the hillside. "Imagine it. King Philip was getting married - again. Olympus, his queen and Alexander's mother, was jealous of the new girl. Perhaps Alexander would be cut out of the succession. Philip has a party. With all the guests in the theatre, he brings in statues of the 13 gods, and then a 13th - himself. It's too much. A young man

rushes out from the audience and kills him. He runs for his horse, and stumbles. The king's guard immediately stabs the assassin to death."

We ponder the scene. The air is stringent with wild herbs. "A cover-up?" I ask. "There was always scandal in this royal house," says Athanasia. "But I think you British know how these royals behave."

The tombs are further on. Alexander's is not one of them: he lies somewhere in Egypt, his corpse hijacked en route to this site. But Athanasia follows Manolis Andronikos, Vergina's charismatic archaeologist, in believing that Philip's own grave can be identified. And we examine the new touristic setting for this tumult.

The rich horrific paraphernalia, and Philip's bones, are in the museum at Thessaloniki, where they will stay. Behind glass, the painted facade of Philip's tomb is faded, yet comprehensible. The king and his budding son can just be picked out, heroic in a lion hunt.

We returned outside to where the concrete mixers churned. "It's quite something," I said. "But will so many people come to see this?" Gazing over the asphalt, Athanasia gave one of her wise shrugs. "This is politics, not culture."

■ Peter Spivey flew to Thessaloniki from Heathrow with Olympic Airways (tel: 0171-409 3400). The Organisation for the Cultural Capital of Europe is at 105 Vasilissis Olgas Avenue, Thessaloniki 546 43. Tel (00 30) 31 867860.

■ In last week's feature on white-water rafting on the Zambezi, the telephone number for Bales Worldwide Tours should have read: 01306-885591

of Byzantine Culture, by concession of the Double Holy Synaxis of the Holy Mountain, will host 600 treasures from the retreats of Mount Athos. To appreciate what a coup this represents, one has to be aware of the delicate relations between church and state in Greece.

The display of treasures may be no substitute for a pilgrimage to Athos, but for all those without access to beads, it will be the chance of a lifetime to see what orthodox denies them. It is also perhaps the most compelling of many good reasons to see in person how Thessaloniki fares as Europe's next cultural capital.

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Sweet memories and monkfish in Lisbon

Peter Aspden wallows in the past of Portugal's ancient capital

It is nearly midnight, I am starving and I am engaged in an elaborate game of bluff and counter-bluff with a woman who is telling me she can no longer carry on living. At least that is what it sounds like.

It is all very well, but my main course for the evening - an immaculately prepared monkfish dish - is in front of me, getting colder by the minute. But the woman is wringing out a *fado* song, full of loss, yearning, poverty. And while the woman sings, one does not eat. It is a sign of respect for her plight.

So I am trying to smuggle a morsel of fish into my mouth without her noticing. But every time I get near, she whirls around and fixes me with those coal-black, I-have-known-life's-sorrows eyes. I smile wanly, pretending to be waving my fork in time to the music. I decide to go hungry for a while. Finally, with a triumphant cry from the heart, she has

intined: "Ohh, *Lish-boooo-oo!*" I have about 30 seconds until the next song.

I had travelled to Lisbon in search of the meaning of a word: *saudade*. I had heard that it was one of those untranslatable terms which encapsulate a mood, one which existed beyond the Anglo-Saxon temperament. Rather than translate, everyone I talked to urged me to listen to *fado*. Sure enough, listen carefully to these exquisite lamentations and the word seems to appear in every other verse.

I visited backstage between sets to talk to Mário Pacheco, composer, guitarist and host of the João da Praca club. What was this thing *saudade*? A misty look came over his face. "It is when you remember things that perhaps you did not see, but heard about..."

"It is the taste of loss, but not sad. It is a sweet taste. It is like remembering an old girlfriend who you liked. She is not there any more, but it is a sweet memory."

Mário sloped off to join his colleague Maria Armada for a fresh bout of heart wrenching. He accompanied the *fadista* on the Portuguese guitar - a close relative of the zither - with sublime facility. The contrast between its tight, bright sound and the deep, cracked tones of the singer gives *fado* its appeal. You can hear the sweetness and the sorrow at one and the same time.

The feeling of ambiguity permeates Portugal's aged capital. Half destroyed by an earthquake in 1755, the city has a dilapidated, melancholy air which distinguishes it from other European capitals. This is at its most obvious in the city's Alfama district, ostensibly the true home of *fado*, which survived the destruction.

Here is the heart of old Lisbon: crooked homes in winding alleys. Arrive here early in the morning and the bustle of *varinhas* (fishwives) and small café own-

ers setting up tiny tables outside their stores is enticing and irresistible. Soon, the smell of fresh sardines on the barbecue permeates every street corner. You simply have to succumb to a street-side lunch.

Take a post-prandial stroll westwards, however, and you could be in another city. The Baixa, or Lower City, is well-planned, clean, efficient and busy with business activity. Yet here too, there is a melancholy strain underlying the flurry; perhaps it is something to do with the view of the ocean through the Arco Monumental da Rua Augusta, a reminder of Portugal's grand past as a colonial power.

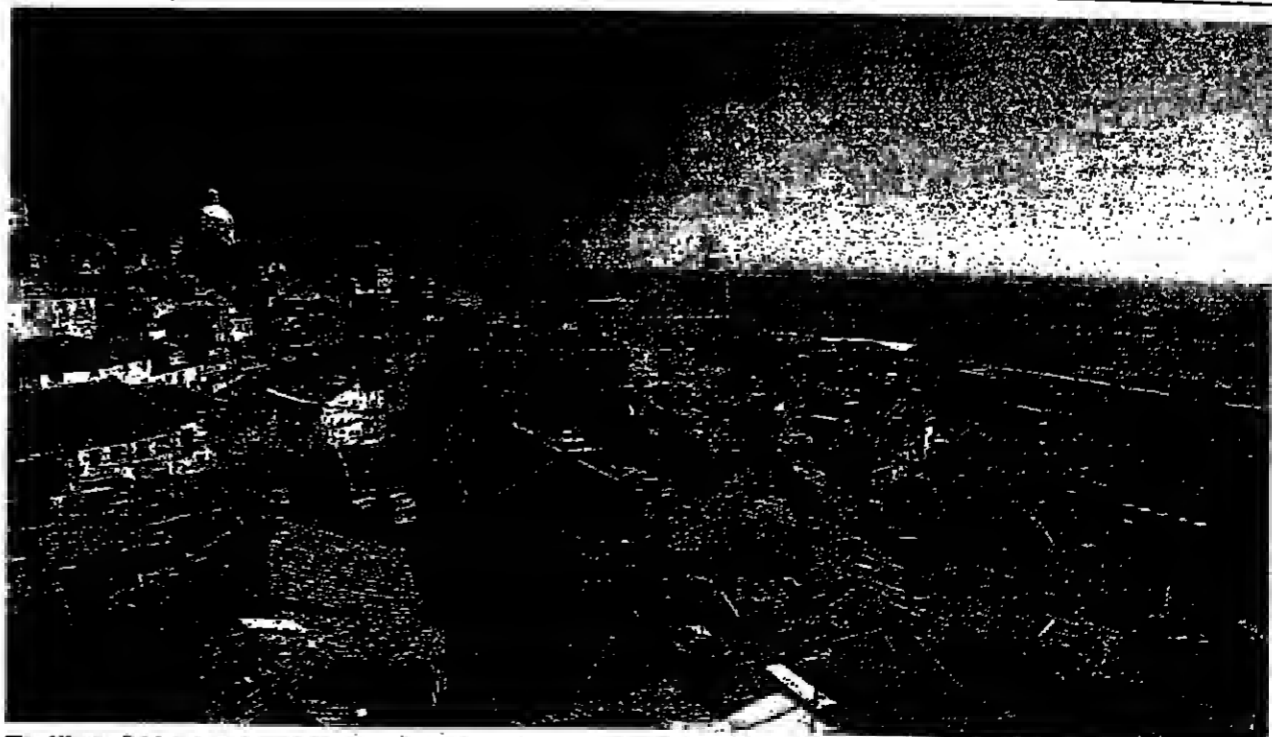
In the wreck I was there, the Rua Augusta was dominated by a massive cardboard cut-out of Marcello Mastroianni, advertising *Afirma Pereira*, Roberto Faenza's delightful film about Lisbon under the Salazar regime. But on the evidence of a near-empty house on the film's opening week-

end, it seems present generations are little interested in the past. Perhaps there is too much introspection, too much *saudade* in the air for young people to revel in such uncomfortable examinations of recent history.

They are more likely to be found spending their evenings in the fashionable bars

of the Bairro Alto, the hill-top district that rises to the west of the Baixa. Here is sophisticated Lisbon, with prices to match. During the day, a favourite tourist sport in the area's Rua Dom Pedro V is shopping for *azulejos*, the fabulous ceramic tiles which can be found through-

out the city.



The Alfama district, the true home of fado, forms the heart of old Lisbon

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out the city.

Best value can be found in José de Oliveira's tiny workshop, where you can buy 18th century tiles, usually in blue floral motifs, for about £5 each. Here, you can talk about the past for as long as you like, though José does not seem to understand my fascination for these small pieces of history. "Why do

people get rid of these?" I ask and he replies, "because they are very old." Perhaps it is only the city's visitors that enjoy wallowing in its past; but I doubt it. Just listen to those songs.

■ Peter Aspden flew to Lisbon with The Magic of Portugal, 0181-741 1181, and stayed at the Hotel Trovã Lisboa.

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TRAVEL

Ghostly encounters of a creative kind

Nicholas Woodsworth is spooked in the medieval town of Cordes before digging deeper and discovering its real character

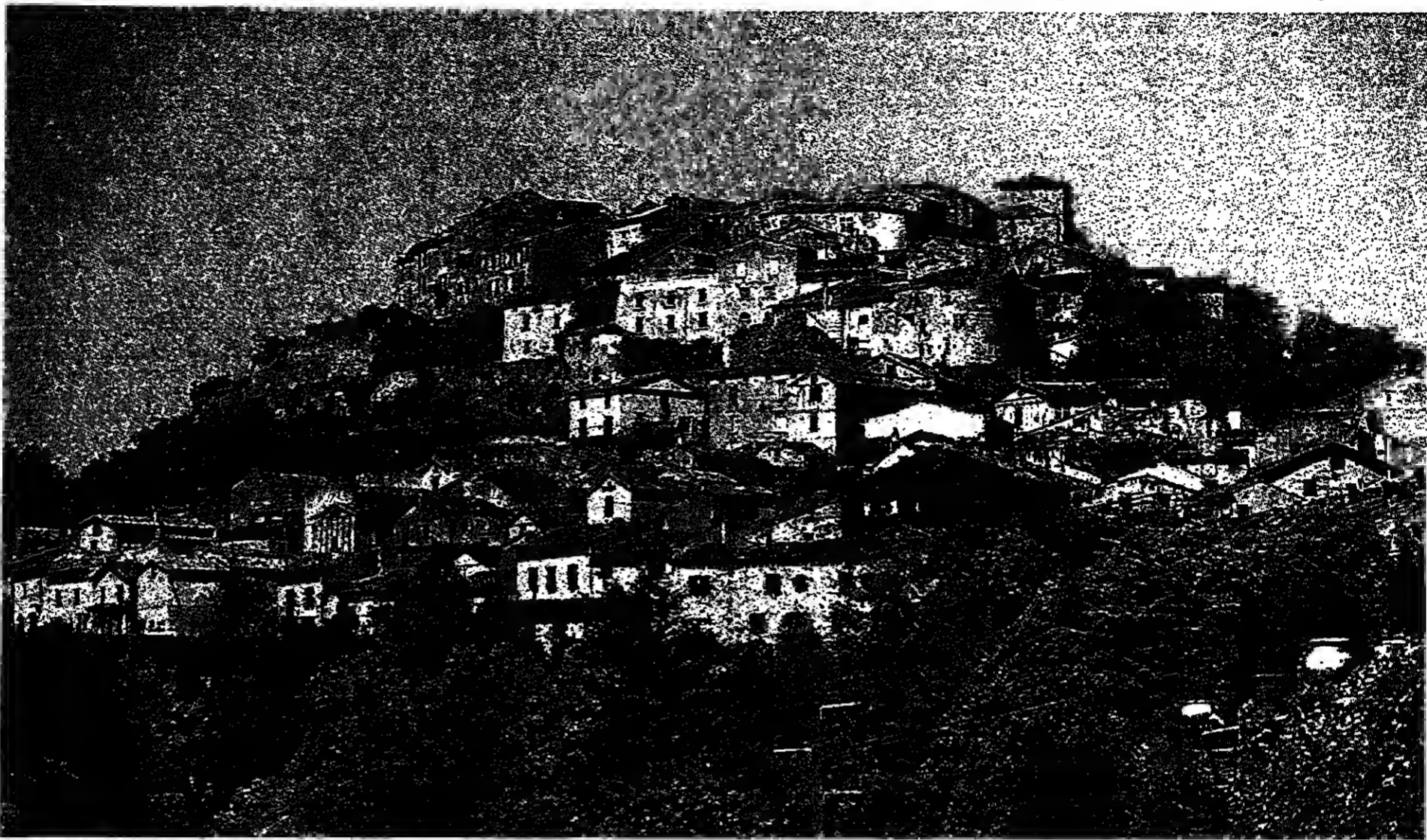
It was a dark and stormy night. No, really, it was. Who would have expected such a thing in a southern French countryside renowned for its balmy and star-studded summer evenings? Not I, and certainly not the people of the medieval town of Cordes sur Ciel. Yet on one side of the high, hump-backed hill on which Cordes is built it was so stormy that the opening night of the town's sound-and-light show was rained out. And on the other it was so dark that I lost my way trying to find an entrance into the town.

Cordes is old and unplanned; as a layman I can only describe its architectural lay-out as higgledy-piggledy. Its hilltop centre is surrounded by the remains of five concentric city walls - each time the population swelled beyond the parapets another high wall had to be built further down the hill to protect townspeople from foot-pads, invasion, plague and other medieval perils.

Now, such a complex and well-preserved assemblage of stone as Cordes is all very well if you have time to stroll about, selecting from a number of towering gates and carved archways a route of suitable pomp and dignity by which to enter. But when it is raining cats and dogs even the most noble among us bolt. Abandoning all fantasies of myself as visiting courtier, wandering monk or returning warrior, I made a dash from my car to the nearest gap in the wall.

No Royal Mile, this. Roughly cobble and dimly lit, a street stretched away into the dark and dripping night. Its narrow passage was punctuated by curious niches recessed into the hillside rock. What were these dank and malodorous little cells? I am not superstitious and do not believe in vibrations, good or bad. But as I walked along in the sodden gloom, it all felt as distinctly off as an over-ripe cheese, as sinister and venial an alley as any in Christendom.

On I climbed, up flights of



Echoes of distant centuries: Cordes in the southern French countryside

stone stairways, up covered passageways, up steep ramps that zig-zagged their way ever higher. Finally the streets levelled out and I arrived in a large, stone-flagged square. Here the houses were not the huddled brick and half-timbered constructions of the lower part of town, but the elegantly sculpted stone palaces of the rich and powerful.

Cordes, however, was still without a trace of human presence. On this deserted night the distant centuries,

like shy animals fearful of crowds and noise, emerged from the gloom and drew close on every side.

I could feel them playing among the 24 octagonal stone columns holding up the roof of the town's covered market. They graced the pointed arcades and arched windows of the Gothic House of the Great Falconer. They hid behind the rib-vaulting of the Eglise St Michel. They animated the stone-carved boars and rabbits, the dogs and archers

that ran along the walls of the house of the Master of the Hunt. Even the hulking and malevolent medieval stone creatures hanging from sculpted cornices and gables seemed to come alive.

In the end I became thoroughly spooked. It was only when I ran across the last eating place left open, the little Restaurant de la Bride on the dark, tree-covered square at the top of the town, that the centuries receded and left me alone. No bottle of local red Gaillac, no

warming plate of coq au vin has ever been so welcome.

Cordes hardly seemed as haunting a place the next morning - the sun was out and people were chatting at red-check-covered tables scattered about the flagstones of the covered market. Over coffee and croissants it seemed that Cordes' busy streets and shops made it as cheerful as any medieval tourist town embarking on a holiday season. But when I dropped into the tourist office and mentioned

my walk into Cordes, Madame Allibert, a quick, dark, clever woman, did not make fun of me.

In the 14th century, she said, Cordes was a prosperous, creative town growing rich on the proceeds of the leather and cloth trades. With a charter that left it tax-free, it attracted merchants, artisans and artists from all over southern Europe. But, like other medieval towns, it charged a toll, payable at each of its five city gates, to all who

entered. The only entrance at which the toll was not charged was the one I had come through.

"It is still called la Rue Chaude - the hot, or passionate street," Madame Allibert said. "Each little cell there was occupied by a prostitute dressed in red, and any merchant choosing that way into Cordes was obliged to use their services. They charged a great deal more than the toll-collectors, and turned the profit over to the city. They were, by all

accounts, very busy young ladies."

But if many of the city's passions have evaporated, she said - its inquisitorial purge of Cathar heretics, its war of religion between Catholic and Protestant were as bloody as anything in the Middle Ages - many remain very much alive. Cordes, she said, is in fact very much like it used to be and still attracts artisans and artists from all over.

On the street outside I met Pascal Waringo, proof of her affirmation. A bearded stone-mason with vast hands and a delicate touch, he was just finishing a new, stone-arched entrance to a very old shop. For authenticity's sake, and because he is fascinated by medieval building techniques, Waringo still cuts and works stone by hand. Patient with those unversed in the arcane arts, he showed me an ingenious mathematical system used by the innumerate masons of the Middle Ages for the inscription of dates in stone.

Feelgood more confident now that I was armed with a bit of esoteric knowledge, I trotted off down Cordes' cobble streets. I met soap-makers and confectioners, artists and weavers, potters and lute-makers.

There is a friendly Dutch baker in Cordes, and an Irish painter. There are Dennis and Patricia Thornley, a charming, retired English diplomatic couple who run Aurifat, a splendid bed and breakfast on the edge of town. There are Annie and Christian Rondel, a big-city Parisian couple who have given it all up to raise ducks and look after guests at Les Tulleries, their rustic *Chambres d'Hotes* at the foot of the hill. Annie's homemade tomato-and-orange jam is an artistic triumph in itself.

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BOOKS

Up against the bottom line

A.C. Grayling finds elegance and subversion in a collection of economists' writings

It is a mistake to think of economics as "the dismal science". This is partly, but very importantly, because economics is not a science - alas for mankind, which suffers mightily from the ministrations of those who think otherwise - and partly because there is nothing dismal about alchemy, of which economics is the modern version. Alchemy, you remember, is the enquiry after nostrums that will turn base metal to gold. Many economists would dispute this description of their calling; they would say their aim is to understand mechanisms of economic activity, not to prescribe them. But we, the public, know better. Economics is indeed prescriptive; it always has been; it seeks to instruct us how to get and increase wealth on both the small and large scales; and the descriptive parts of the great theories have always been mere prefaces to the real business of telling us how to do so.

The Worldly Philosophers, an account of the great economists and their theories. In this volume he offers annotated excerpts from their works to let them, as he ingeniously claims, "speak for themselves" - as if annotated excerpts could ever do such a thing. But because few people other than students and scholars read the economists of the past, Heilbroner's aim is a worthy one, not least because ignorance of what the economists wrote allows them to be wildly misquoted, usually for political reasons.

Heilbroner takes us from the Bible to Schumpeter. The quotations from the Bible are few and esoteric; they all dilate upon the end both of riches and the getting of riches. Despite their unequivocal message Heilbroner

handles the most famous of them - "It is easier for a camel to pass through an eye of a needle than for a rich man to enter heaven" - in the usual comical way by hoping that the "eye of the needle" was a gate in Jerusalem's walls. There is a certain symmetry in beginning with Biblical attacks on the vanity of wealth and ending with Schumpeter's belief that capitalism must fail. It expresses Heilbroner's liberal instincts, originally shaped by Keynes in the 1930s. This prompts him to choose passages from the economic Olympians which will surprise readers by the degree of hostility they show towards economic dispensations that allow the accumulation of wealth in the hands of unproductive minorities, with the attendant risks of poverty, unemployment and

hardship for those who actually produce that wealth. But this enjoyably subversive intent is not Heilbroner's main aim, which is to encapsulate the

TEACHINGS FROM THE WORLDLY PHILOSOPHERS by Robert Heilbroner W.W. Norton £23, 353 pages

theories and demonstrate the most distinctive tenets of the great economists by offering representative selections from their works. His annotations are intended to provide context and clarification. This is a difficult task, because the least of what is required is an easy intimacy with the copious literature, and a facility for neat summary which goes

to the heart of the matter. Heilbroner makes a bold effort; but he does not entirely succeed. Students of economic history will find the excerpts and the annotations skimpy, while the general reader - the main target of the book - will find that the annotations do not explain or contextualise enough, which diminishes the value of the excerpts themselves. The book is therefore a lost opportunity, because if Heilbroner had taken more care with his annotations the result could have been a very useful compilation.

Nevertheless the volume is far from uninteresting. The elegance and perceptiveness of Keynes, the surprising presence of the 18th-century merchant Robert Cantillon, the inspiring good sense of John Stuart Mill, are

successfully conveyed by Heilbroner's choice of passages and are a delight. The sceptical ironies of Thorstein Veblen, who disputed the economists' pretensions to be scientists and argued against their assumption of rationality in economic activity, provide a healthy corrective. And his prophecy that the administration of the business economy might one day fall into the hands of a "soviet of technicians" has almost come true, in the sense that the only ground for any decision these days seems to be what an accountant can make of the bottom line.

Among the many sobering thoughts encountered in Heilbroner's selections, the most sobering comes from Keynes. The money-making motive is useful, he wrote, because "dangerous

human proclivities can be canalised into comparatively harmless channels by the existence of opportunities for money-making and private wealth, which, if they cannot be satisfied in this way, may find their outlet in cruelty, the reckless pursuit of personal power and authority, and other forms of self-aggrandisement. It is better that a man should tyrannise over his fellow-citizens; and whilst the former is sometimes denounced as but a means to the latter, sometimes at least it is an alternative."

This remark illustrates one main reason why economics might never be a science. Any economic theory must be based on a theory of human nature. Such a theory is immensely hard to formulate. Four thousand years of literature and 2,000 of philosophy have only succeeded in revealing more of the difficulty in doing so. While the office-block of economics stands so precariously on such quicksands, one's hopes for it have to be modest.

Ingenious stones

Ann Geneva delves into the hidden secrets of Stonehenge

Now that Stonehenge, like the Tower of London, seems fated to become part of the Stonehenge Experience, it is all the more important to lay a bedrock of fact beneath the coming ersatz constructions. This mysterious petrified carousel rising dramatically from Salisbury plain has been hailed by countless film Druids and immortalised by Thomas Hardy's *Tess*. The Bath architect John Wood even laid out the Circus and Gay Street to mimic its Sarsen circle and avenue.

All too often, however, Stonehenge has inspired no more than fanciful speculation and wishful thinking. The medieval chronicles of Geoffrey of Monmouth recorded that the stones had been brought over the sea from Ireland by the magic of Merlin. It was not until James I that the monument was examined with any precision, when he asked Inigo Jones to investigate the history of Stonehenge.

North's concern is with the types of Neolithic monument that speak for the mind of the people responsible. Against the megalithic splendours of Egypt and Greece, he offers their "hidden qualities, and when those are found, the fact that they were concealed makes them all the more surprising".

STONEHENGE: NEOLITHIC MAN AND THE COSMOS by John North HarperCollins £25, 609 pages

From 15 years of research, North aligns the hundreds of prehistoric monuments found within two kilometres of the Stonehenge site with many others. All are marshalled to solve the paradoxes of Stonehenge. His detective work begins with the astronomical orientation of the much earlier long barrows, which he argues were positioned so that the brightest stars rose and set over them. The marvellous Durrington White Horse turns out to have been a Neolithic star marker, stationed to mark the rising of two of the constellation Taurus's brightest stars - and it may even be a hull.

It is fortunate that the millennium will be marked by this important book. By the time Pythagoras first used the term "cosmos" to mean order and harmony, Stonehenge had already stood for two millennia. North takes as a working model that Stonehenge was a "geometrically ordered monument aligned on the universe of stars, sun and moon". Such a claim, he acknowledges, is far easier to make than justify, but if anyone's judgment can be trusted on this topic, it is North's: his work has ranged from a study of Chaucer's astrology to an entire history of astronomy and cosmology.

North regards Stonehenge as a single monument which was modified over a period of some 2,000 years. Denying it was ever an observatory, he finds the astronomical design much more ingenious than has previously been recognised. The stones, he insists, were not meant to aid investigation of the heavens, but rather "to embody those patterns, already known in broad outline, in a religious architecture". The classic period of Stonehenge's history stretched over a millennium and a half from around 3,000 BC, and in all of its stone phases the main concern at Stonehenge seems to have been with the sun and moon alone.

North destroys the time-honoured supposition that seen from the centre of Stonehenge the sun rises directly over the Heel Stone at midsummer. In its place he demonstrates that the Stonehenge axis is in the precise direction of the setting midwinter sun. The motive for it all, he argues, can only have been that the setting midwinter sun was to be seen by an observer standing at the Heel Stone and looking through an aperture in the middle of the



'Orchid', 1967: the New York photographer Robert Mapplethorpe, best known for his controversial images of neo-masochistic and homoerotic sex, also made several close-up studies of flowers. Taken from 'Pistils', (Jonathan Cape, £50).

Rereadings/Jackie Wullschlager Drawn back to Manderley

Why do modern novels have such feeble stories? Imprisoned "in the void of infinite possibilities", suggested W.H. Auden, "contemporary novelists have their greatest difficulties with their plots... their characters find it so much easier to stop to think than to go into action." Another reason is that our anything-goes society has made a nonsense of the idea of secrets, which were the bedrock of 19th-century fiction. In our sexually relaxed climate, nobody would believe the motives of shame and concealment which fuel Victorian plots, from *Jane Eyre* to *The Woman in White* to *Tess of the d'Urbervilles*. That makes a genre like Gothic an anachronism today. Mr Rochester could simply divorce the mad wife in the attic and live happily ever after...

Daphne du Maurier's *Rebecca* is the only 20th-century novel which I reread, year after year, for the pure, breathtaking thrill of its plot. The mix of sheer horror and Mills and Boon sweetness turns my blood hot and cold every time. But it is also the classic which I find most psychologically disturbing, because its brilliant plot works by cheating on a tradition.

Unlike her contemporaries, who accommodated modernism by jettisoning social respectability and with it melodrama, du Maurier revived the Gothic mansion, the secret in the west wing, the dashing hero with a dark past. But in 1938, the secret could no longer be sex - the only thing awful enough to hide was murder.

To sympathise with a killer is nothing new in literature - *Othello*, *Tess*. The difference is that du Maurier transposed the traditionally moral Gothic form into the amoral 1930s and created the first hero in fiction who literally gets away with murder - leaving us to rejoice that he does.

The tension of the tale depends on our complicity. Maxim de Winter's young second bride, arriving at his grand stately home, cannot shake off the presence of his first wife Rebecca. Half way through the book comes the revelation that he killed her, her body has been found, and the new wife must work out a way of saving him from the noose.

What stays in the mind is a series of terrifying images - which is why the Hitchcock film was so faithful to the book. The housekeeper Mrs Danvers, with her ice-cold handshake, gloating at the top of the stairs as the second Mrs de Winter blindly enters the fancy dress ball wearing the same costumes as her predecessor... The

vulgar backstairs villain Jack Favell sideling up to the new wife with the faintest intimation of blackmail... Most of all, the beautiful statuesque figure of Rebecca never present but always vividly there, her name appearing every few pages while the living heroine remains - brilliantly - nameless throughout the book.

On rereading, these images are just as chilling, for the melodrama depends not only on what happens next - we know from Chapter 1's flash-forward that Max survives - but on the build-up of menace, which threatens us as we wish to protect the guilty pair. That menace is so powerful because it plays on primitive fears from myth and legend - Mrs Danvers is a great modern witch; Max de Winter a latter-day Bluebeard. These elements are profoundly unsettling because they evoke the fairy tale but deny its moral pattern, thus drawing us back repeatedly to try to work it out.



Rebecca is not a politically correct work. Max gets off because he is a smooth-talking aristocrat who knows how to flatter the local policeman. Feminism is out - the proposal scene ("I'm asking you to marry me, you little fool") could come straight out of Mills and Boon. A hint of lesbianism is alluded to the devilish Mrs Danvers. Establishment values - loyal retainers, tea and crumpets on a silver tray by the library fire - make Manderley sound like a country club. Yet it is utterly intoxicating.

Rebecca is that rare hybrid, a popular classic: a novel which never appears on an exam syllabus or in a literary history but, read and reread over decades, nonetheless becomes part of common culture. While some classics are complex enough to offer new meanings to different generations - *Jane Eyre*, for instance, is now seen as pioneering feminism - *Rebecca* remains intransigently itself: an old-fashioned Gothic romance.

Vanity, greed and organised delusion

Targets have been chosen with relish in this fictional swipe at Tinseltown, writes Nigel Andrews

The scariest thing about *Popcorn*, Ben Elton's comic novel about Hollywood violence real and fictional, is the author's photograph on the back. A man in glasses, recognisable from TV stand-up shows, stares out at us with a smile of transfixed and anxious self-ingratiation. He could be a born-again car salesman or politician pleading for votes from a handbill.

Is Elton really this nervous about how we, or they in America, receive this ambitious swipe at overseas pop culture? He should relax. *Popcorn* is a touch evangelical, and there are some over-urgent messages about the abrogation of moral responsibility in an age of psychobabble, sociobabble, racism-habble and other forms of special pleading. "Nothing is anybody's fault," declaims the author, in italics, as he eviscerates the laying off of violent

deeds on upbringing, society, corrupted authority (even O.J. found a scapegoat in a racist cop, he says) and cinema. But as lectures go, this one is refreshingly anti-PC. Elton has seen *Natural Born Killers*, *Pulp Fiction* and company and goes to town on them. His film-maker hero Bruce Delamitri - the Anglo-Italian name may suggest a real-life Hollywood original - is held hostage in his mansion the day after he becomes super-famous by winning a Best Director Oscar. The intruders are a gun-toting couple straight out of *NSM*, and as the media assemble on the front lawn Bruce faces the awful truth that his culture of bloodshed has brought this nemesis about.

Or so the usual anti-Tinseltown tract might want us to think. Elton, cleverly, has his cake, toys with it and then declines to swallow it. True, Bruce is an artist-opportunism who knows there is money as well as post-modern kudos in making fancy films *not* about people being blown apart. Anyone who felt worried about the glee with which *Pulp*

based on the killers-in-love of *Natural Born Killers* and *True Romance*, are unconstrained scum, wholly constructed on the page even though born out of celluloid. Believable, at least, until the final chapters. Here Elton tries to wring one satirical ingenuity too many from the plot and the fabric makes that squelch, tearing sound that says "Stop the mangler now." Not to spoil the plot, we will only suggest that even an ego case like Bruce would not hazard anyone's life for quite such a far-fetched face-saver as he devises.

and lethal and chooses its targets with precision and relish. TV anchor-persons, media moralists, models who turn "actresses", movie agents - all get the treatment. And there is a seriously funny scene about a bulimic's breakfast, which just about crystallises the entire novel's take on that showbiz trioka of vanity, greed and organised delusion. I hope the book sells widely across Hollywood and America, where it is sorely needed. Two details, though, should be amended for future editions. First, no one is feted nationwide after winning the Best Director Oscar; it would have to be the Best Film Oscar. Second, Americans will insist that a recurring solecism is put right on a subject dear to their hearts. The famous whisky is not "Jack Daniels", it is "Jack Daniel's".

POPcorn by Ben Elton Simon & Schuster 12.99, 298 pages

Fiction was greeted by everyone, including commentators who normally scold us slyly about screen violence, will warm to Elton's pretentious-probing barbs about "ironic juxtaposition" and "deconstructed narrative flow." But if there is a catch-penny side to Bruce's auteur cinema, its supposed corrupting influence still does not add up to a papal pardon for every subhuman who goes about blowing holes in fellow citizens. Elton's two "Mall Murderers", clearly

Elsewhere, *Popcorn* is lithe

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ARTS

Summer music in America: Santa Fe 2 / David Murray
Thunderclap heralds the Rake

Santa Fe boasts not only an opera festival, but the occasional monsoon. Opera is performed a few miles north of town in a handsome shell, partly open to the air above and at either side.

It began with pretty timing: the first great thunderclap coincided with the arrival of Nick Shadow, the Mephistopheles-figure, like a celestial warning.

logical action soon overwhelmed Act 2. The string-players shrank back under the stage, itself swept by the torrential downpour.

The cast played on dauntlessly, and despite the interference we heard enough to be impressed. Kenneth Montgomery conducted in faithful style; if Act 3 missed something of its relentless grip, any grip at all deserved praise in the circumstances.

Probably Anthony Lacura's elegant Auctioneer too - if the monsoon had not reduced him to passing squeaks.

Opera has commissioned for 1998 will seal the roof over, but leave the sides still open to the next seasonal storm.

Sylvia McNair's Anne Trulove and Richard Cowan's Shedow (whose Tim Curry grin outshone his best authority) were good enough. Though McNair seemed to compensate too hard for her grown-up person with excessively girlish singing.

Probably Anthony Lacura's elegant Auctioneer too - if the monsoon had not reduced him to passing squeaks.

Opera has commissioned for 1998 will seal the roof over, but leave the sides still open to the next seasonal storm.

For Daphne Carl Friedrich Oberle suppressed the real-life mountain-scape (which would have served nicely) in favour of kitschy end-of-term backdrops, with a square hole for exits and entrances.

At 70 John Crosby, the festival's director, conducted the score with evident affection, but too little impetus when it was needed most.

right heroine, dressed as if for a high-school prom; nobody seemed to have suggested to her that Strauss composed his Daphne as a fey, androgynous creature, all too anxious to melt into a vegetarian background.

Santa Fe's Don Giovanni was a traditional affair - rare these days, and very welcome - and thoroughly professional. It looked good; it had a sharp, intelligent conductor in Richard Bradshaw, and a sound cast.

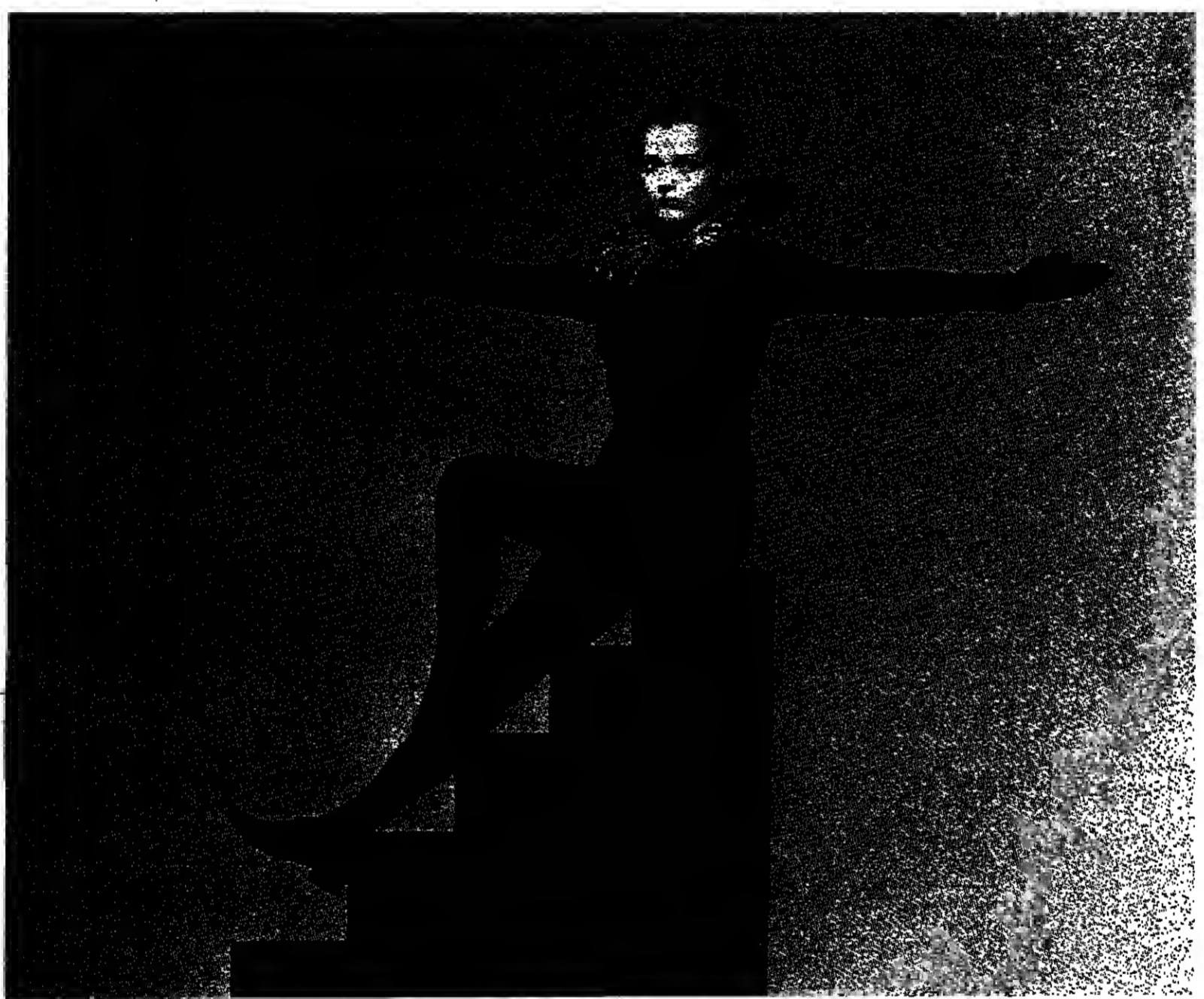
Orlando in high style

As part of the International festival at Edinburgh, Robert Wilson's staging of Virginia Woolf's Orlando with Miranda Richardson alone onstage at the Royal Lyceum for two hours and twenty minutes is, first and last, an exercise in style.



Miranda Richardson - her face looking as white, sculpted and beardless as a medieval angel's, and so ravishingly lit that it seems the most haunting visage since Garbo's - deploys two octaves of voice, and talks us through Orlando's tale and perceptions with aristocratic aplomb.

It is an exercise in style, not in mere technique; and in that respect it makes



A face as white, sculpted and beardless as a medieval angel's: Miranda Richardson as Virginia Woolf's androgynous hero in Robert Wilson's staging

Woolf's voice as handsome and serious in its way as Wilson made Gertrude Stein's voice four years ago in Doctor Faustus Lights the Lights. But the stylisedness of Orlando tips over at times

into camp - as when Richardson eyes the audience as she makes ironic remarks. And, though few artists today handle stage space and light with the austere and authoritative elegance

that Wilson always has, the elegance here is often pointless. One half of Wilson is a radical master and receives international attention as such; but the other and almost ignored half is a

camp-follower who makes grand, cool, handsome Orlando tipped her over into becoming a mere diva, a handsome, authoritative, and hollow icon.

would be a grievous blow if Orlando tipped her over into becoming a mere diva, a handsome, authoritative, and hollow icon.

Alastair Macaulay

In search of harmony

Stephen Pettitt visits the Buenos Aires Philharmonic

The Buenos Aires Philharmonic Orchestra is to give a bridge-building concert at the Barbican in November, making its first visit to London as part of an extensive European tour, even though there is still a feeling of political fragility in Argentina.

However, if the authorities retain the services of the BAPO's dynamic general manager, Pedro Pablo Garcia Caffi, the future looks bright for the orchestra. Caffi is a

battler, a former popular singer and flute player who was appointed in 1992, when the orchestra coded its operatic responsibilities at the Colon and devoted itself entirely to the concert repertoire.

That year it made its first European tour, the first Argentine orchestra to appear in such halls as the Concertgebouw. Another European tour followed in 1994 and the 1996 tour will establish the principal firmly.

Traditionally Latin orchestras are not considered to be among the most highly disciplined in the world. A few

hours before he was due to conduct the BAPO, the Costa Rican conductor John Nelson told me that "They have some really wonderful musicians, but they tend to play down to the lowest standard rather than up to the highest. And they tell me they leave their best to the concert. But I want their best at the last rehearsal."

In the event, they played pretty well, like the RPO on a fairly average day. There were some glowing sounds from the woodwinds, in particular, and certainly the standard was above any Spanish orchestra I have heard in concert. But afterwards Nelson

rued the fact that he was denied that last ounce of concentration in the dress rehearsal. Rough edges, especially in parts of Schumann's Piano Concerto, could have been ironed out then, he felt, and less left to chance on the night.

The shortcomings are not simply down to Latin temperament. The real reason is the conditions under which they are expected to work. For all but the final rehearsal, they rehearse in what can only be described as a claustrophobia-inducing windowless bunker, part of the Teatro Colon's labyrinthine, poorly designed 1970s

extensions. In such a box it is impossible to hear, to balance. And the Teatro Colon, wonderful opera house though it is, is far from being the ideal auditorium for a symphony orchestra.

Caffi is well aware of all of these problems. He is concerned that if the orchestra is to compete on the world stage, rehearsal conditions have to be improved. Investment has to be made in such things as percussion instruments, at present woefully inadequate. Yet one senses a real determination, an enthusiasm that can be seen in the demeanour of the players. Caffi has initiated

the engagement of the very finest soloists and conductors from overseas. The pianist in Schumann's concerto in Nelson's concert was Evgeny Kissin, no less, who gave a solo recital in the course of his trip. Although the fee it took to persuade him to come was immense, Caffi is happy to find such sums because his philosophy is simply that if you work with the best you will eventually become the best.

But there is another vital ingredient missing: a first-rate music director. Argentina has no available, young, dynamic Rattle ready to call upon. Barenboim, its other famous son, inhabits a different musical planet. Luring someone of the necessary calibre to a place as out of the way as Buenos Aires on a semi-permanent basis is going to be difficult.

Three Promenade concerts
The Plague, horns and oboes

Three Promenade concerts this week shared distinguished roots. Early in the 19th century, Weber discovered - and/or invented - orchestration in the modern sense.

Weber enlisted orchestral colour as an independent musical factor. Berlioz capitalised on it radically, Wagner conservatively. The young Russian school - the "Mighty Handful" or Famous Five, for whom Berlioz had been a revelation - turned their folk-material

into gold with it; but eventually it was the younger Frenchmen (Debussy, Ravel), inspired by the new Russian music, who elevated colour and timbre to structural status. The Proms gave us three modern studies in the genre: Roberto Gerhard's The Plague (1964, an old BBC commission) and new wind concert by Oliver Knussen and John Woolrich.

Like much of Gerhard's music before his last years, The Plague can be heard trying to straddle two stools. It is a high-minded words-and-music pageant, after Camus' La Peste - a long way after, less ambiguous and worry-

ing than the original novel. Yet it is a striking piece; Gerhard's inspired ear for eerie colours, gritty or insinuating, got full scope in this allegorical plague-tale.

The strictly musical workings-out owe much to Schoenberg. Gerhard's one-time teacher, and sound relatively chilly and detached. With Michael Pennington as an urgent narrator, however, Edmon Colomer conducted the National Youth Orchestra of Spain to excellent purpose, with the BBC Singers and Symphony Chorus supplying the vocal components: all in all, a distinguished revival.

On Tuesday the Albert Hall was packed for Barry Tuckwell's farewell London appearance as a born-player, with Esa-Pekka Salonen and the Philharmonia. He played not only a much-loved Mozart concerto, but the new-born concerto written for him by Oliver Knussen. It was designed to be heard in Tokyo's Suntory Hall, where Tuckwell premiered it two years ago; the Royal Albert's acoustic must be very different, but the concerto still sounded magical.

It is distinctly a heroic piece, with the solo horn winding its way through orchestral glades and

uncanny glimmers, and essentially lyrical. Tuckwell delivered this suggestive music with all his customary subtlety. It should make a fine bonus for other first-class soloists, a fascinating addition to a programme with a traditional born concerto on it.

Wednesday brought the world premiere of an oboe concerto by John Woolrich, composed for and played by the superlative Nicholas Daniel. It is remarkably imposing; not what one expects of an oboe concerto - but Woolrich has devised remarkable means for it. The soloist is backed by three

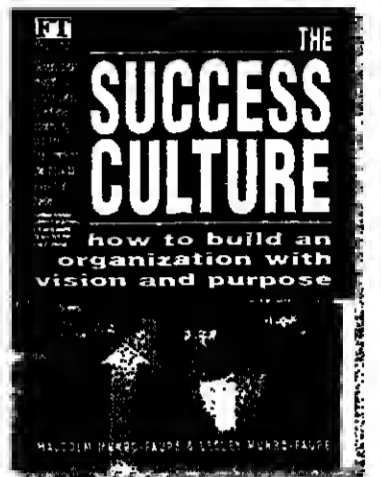
other oboes and a soprano sax, constantly shadowing and echoing him, and reinforcing his part when the large orchestra looms high.

In fact Woolrich uses his orchestra rather sparingly, though it includes a whole battery of quasi-industrial "percussion". The 20-odd minutes of the piece are measured out in sections, sharply distinguished by their diction and rhythms (often neo-Baroque); the result is utterly lucid, and dramatic beyond anything in the oboe's standard repertoire. At the end the oboe is left singing to itself for a long time, and then abruptly cut off by a single orchestral crash. It is a high-water mark in Woolrich's ever-developing output.

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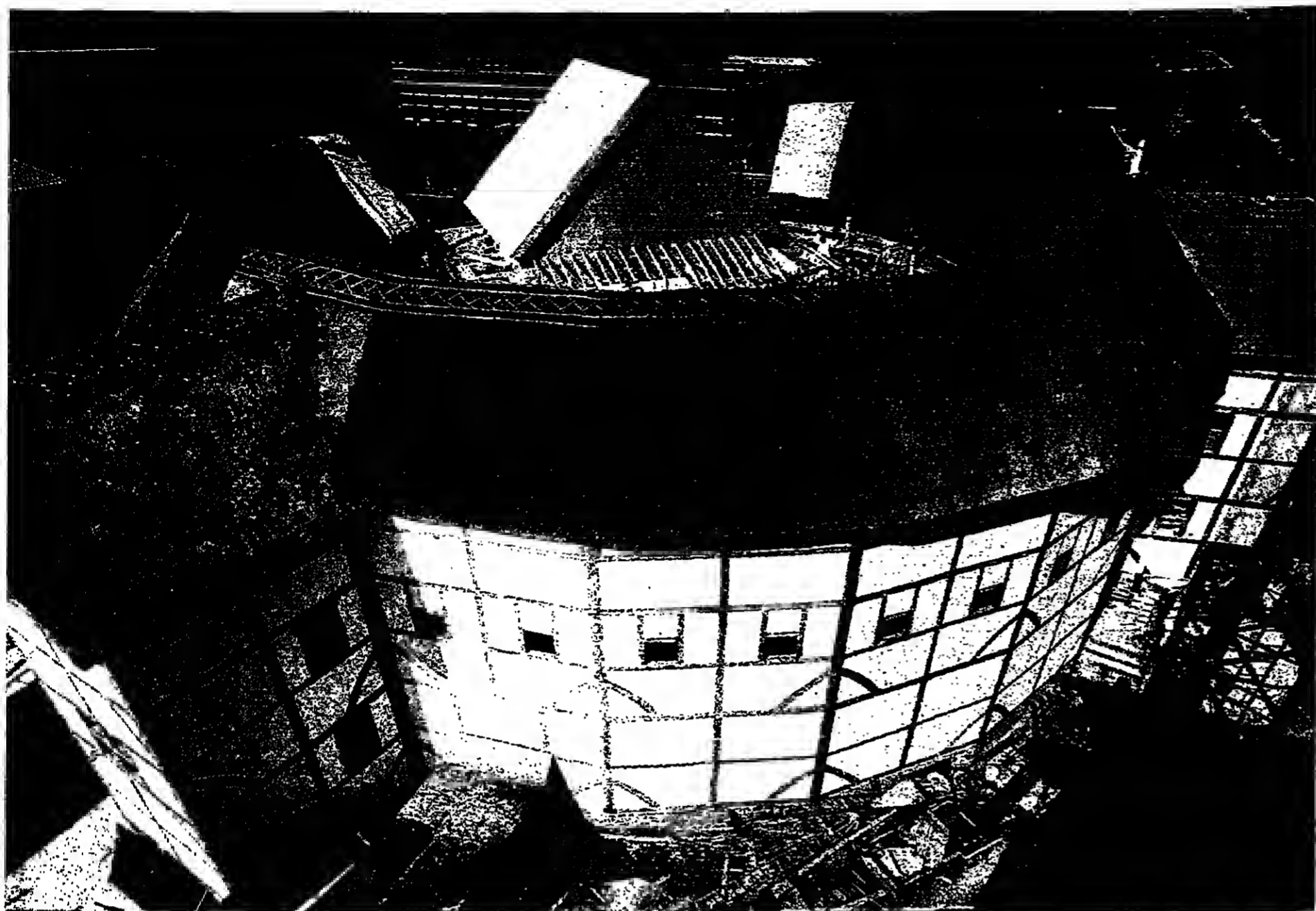
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ARTS



The Globe Theatre, which opens next week, has been recreated to play Shakespeare as he was 400 years ago - by daylight, in a roofless building, with food and drink sold to a restless, noisy audience.

Bare boards for the Bard

Shakespeare's Globe smacks of authenticity rather than gimmick, writes Martin Hoyle

An American visitor is incredulous. "People are actually going to stand here?" As Shakespeare's Globe, that sprightly recreation of the most famous theatre in our cultural history, prepares for its "prologue season", the cold truth is sinking in. This is no a theme park. As the Globe's mentor, Professor Andrew Gurr of Reading University, puts it with some relish, the new Elizabethan playgoer will share "a peculiar theatre in peculiarly uncomfortable conditions with a couple of thousand others..." Another aperçu: "They had no toilets so we're not providing them either."

There are modern buildings just outside. "If you want to go to the toilet, leave the theatre - it's best if you know the play. The coming and going of the audience will be audible and visible." This is earnest, scholarly stuff: a quest to play Shakespeare as he was played 400 years ago - by daylight, in a roofless building, with food and drink sold as at a football match. In Gurr's passion for authenticity you sense his disappointment as he concedes that women's parts will not be played by boys. There have been brisk exchanges

between academics and actors. Outsiders have been ready to keen a Greek chorus of doom. Peter Hall declared the onstage columns impracticable and in the wrong place. Julian Glover thought the stage too high. The scholars heatedly retorted that all was archaeologically correct. Michael Holden, the Globe's chief executive, retired early from his theatre consultancy business to devote himself to the enterprise as a labour of love. The architectural and design firm, Pentagram, was drawn in by the late Theo Crosby, with a reputation as a writer and architect. Crosby and Sam Wanamaker, American actor and entrepreneur, the Globe's onlie begetter, made an improbable combination that worked. For Holden it summed up the difference between two cultures. "The Americans like to climb on board new ideas. The British like to climb on board - once those ideas are achieved."

Artistic director is Mark Rylance whose prestige as an actor has occasionally been tempered by critical catastrophes as a director. Rylance himself, for many a definitive Hamlet and Peter Pan is sweet-mannered and softly-spoken, but tenacious. He has already provoked a scandal by asking critics to pay for their traditionally free tickets. "Lillian Baylis demanded that critics pay at the Old Vic," he reminds us mildly. "If this offends you by all means accept two free tickets." He seems genuinely untroubled by the challenge of spectators milling around, talking, eating, as visible to the players as to one another. "For the founder's day celebration we did a scene from *Hamlet* - no problems. There was coming and going at the edge, but we held people's attention."

The Globe's education director Patrick Spottiswoode presides over a growing treasure-trove of recorded readings of about 500 Tudor plays not by Shakespeare. "Staged readings are rehearsed at ten, on at three, with casts you would die for. We started with Timothy and Sam West and Prunella Scales." He is proud of a confabulation of plays on Henry VIII entitled *All Is True* (Shakespeare's own subtitle) with Antony Sher and Barbara Jefford. The education department sums up the mixture of popularising excitement and genuine research that underpins the whole enter-

Television/Christopher Dunkley

From print to screen

The question is, where is the spare time going to come from? I now have a strong desire to reread *Middlemarch* and as many of the *William* books as can still be found in what was the children's room. Then there is *Transpott* by Irvine Welsh and *The House Of The Spirits* by Isabel Allende, and *Do Androids Dream Of Electronic Sheep*, the book from which, it seems, *Blade Runner* was made. After that I need to sample the work of Terry Pratchett, having never read anything of his, and any one of the last 52 books by Dick Francis since I have only ever read his first. Then, since I would like to know a lot more about Jonathan Swift, I need to track down a good biography.

Tomalin sets herself the task of explaining why *Middlemarch* is better than, say, a Barbara Cartland romance, suggesting that the Elliot book puts a finer grid on life, "makes much finer moral distinctions", and you realise sadly how rarely you hear matters discussed in such terms on television these days. It is scarcely the most high flown academic terminology, yet so overwhelming is the dominance of the ratings culture, so extensive the drive for populism, that even the small minority of programmes that used to talk in such terms, assuming a slightly higher level of intelligence and understanding than was needed for your average soap opera, are now withering away.

All this results from previewing a set of programmes called *Summer Nights: Book Lover* which begins today - well, technically tomorrow - at 2.00 in the morning. They run for two hours each night until Thursday and the idea is that you can set your VCR, catch them on tape, and then watch at your leisure. There is no new material here; most of it comes from *Bookworm*, the book series presented by Griff Rhys Jones, and from *The Late Show*, the BBC art and culture series which was allowed to flail out and has never been replaced. This is not only a pity but a scandal, given the BBC's function as Britain's main public service broadcaster and its monopoly of licence fee money. If *The Late Show* formula was not working the answer was surely to try others, not to abandon daily coverage of the arts.

Bookworm would never tolerate such language. These programmes are not badly made of their sort, but the attitude behind every item is that books have to be smothered in syrup before any ordinary person can be expected to consume them. Thus we have Griff Rhys Jones padding in the sea and pausing to dry his feet before going off to interview Steve Buscemi, or popping his head up from all parts of the screen while introducing another topic. There is plenty here to entertain. We see the contrasts between the working habits of P.D. James who reckons to be able to work pretty well anywhere, and who dictates her books onto tape for someone else to put onto paper, and Jeffrey Archer, who has to be sure that he has seven Tempus pens prepared for the next week's work before he can begin the day.

The investigation of the many adults, including John Mortimer and Denis Hiley, who are still deeply fond of *William* serves as a useful memorandum for those of us who have not dipped in for a few years. The item on Irvine Welsh, explaining his perception that in Britain the "drugs of choice" have moved on from alcohol and tobacco to cocaine and heroin, does quite enough to make you want to sample his work. And the reminder of the complexity of Swift's private life arouses curiosity. Perhaps that is all these *Summer Nights* repeats are really intended to do: to prompt you to seek out a wider selection of books, and that would indeed be an admirable result. But that *Late Show* item on *Middlemarch* is a sorry reminder of what we are missing.

Watching Wednesday's *Summer Nights: Book Lover* you are reminded of how good *The Late Show* could be at its best. Roger Parsons' programme about *Middlemarch*, made at the time of the BBC's celebrated adaptation, proves that although television may be a difficult place for the analysis and even description of literature, and not best suited to conveying the enthusiasm, often passion, that great books can arouse, it is not impossible. But you cannot approach the subject casually. Parsons lines up an amazing array of commentators and critics to analyse Eliot's novel and say why it is seen, these days, as being so good: David Lodge, A.S. Byatt, Claire Tomalin, Howard Jacobson, Terry Eagleton and Andrew Davies (who adapted the book for television so well). There is a moment when

Theatre/Antony Thornecroft

Murder most classic

The abolition of the death penalty dealt a mortal blow to the West End murder mystery. Where was the chill factor if the hero, or ideally, the heroine, did not arrive at the third act under the threat of the noose? Fortunately Frederick Knott's classic thriller of 1951 displays the genre at its absolute peak: well plotted, sensibly dialogued, and with the heroine framed to perfection. In a way it is too successful since it has been done to death by every Am. Dram. company in the land - and by Alfred Hitchcock in a celebrated movie version. Who can forget Grace Kelly's hand apparently reaching, thanks to 3D, out of the screen to clutch for the murderous scissors? So a current audience must enjoy the plot twists with the curse of pre-knowledge.

This West End revival has much to commend it. Thanks to sponsorship for the production from Mobil, the flat occupied by the Wendices must be the grandest in Maida Vale, the elaborate set coming complete with a painting by Bacon, although nothing in the life style of the superficially idyllic couple suggests such modernism. The acting, too, is on the better side of competence, with Peter Davison presenting two credible faces as the



Class act: Peter Davison and Catherine Rabett in 'Dial M for Murder' at the Apollo Theatre, W1.

scheming Tony, and Catherine Rabett suitably inhibited as the wife with a guilty secret. Knott well captures the middle-class world of the early 1950s, with demobbed officers down on their luck; women with the first stirrings of passion. The scene in which Tony negotiates with his old public school chum Captain Lesgate (Peter Bourke - impressive) to undertake the murder could stand for the collapse of a class.

Equally strong performances from Brian Deacon as the faithful boyfriend and John Vine as the Inspector ensure good ensemble work in a play in which timing is everything. Peter Wilson directs the first act with commendable speed and the second with suitable tension. The third, with its tedious detective work, is always a problem but just about maintains the tempo.

The actors tend to conform to a pattern in type and accent, but that was the 1950s for you. *Dial M for Murder* shows its class by combining a tight plot with an incisive insight into a long-dead era. There should always be a place in the West End for a truly professional revival of an old favourite.

Radio

Tied to the USA

By a delicious coincidence, Radio 4's new series on *Being American* started on the evening when TV's *Newsnight* showed Michael Portillo being grilled by outraged constituents over the sale of his local Conservative HQ to McDonald's, to provide a fast-food drive-in in a leafy residential suburb. He looked singularly helpless, which about summed up Britain in the face of the transatlantic cultural colonisation which is now so pervasive that a whole generation is unaware of it. When media employees mispronounce British place names (our national poet hails from the Ayr-vonn, like the cosmetics firm), you realise that there is a general impression that Britain is the 51st state. De Gaulle was right to regard Britain as the Trojan horse of Americanism, though ironically it was France that fell to the ultimate shame: there is no Euro-Disney in Britain. But not, I suspect, for want of trying.

The curious love-hate relationship includes both a traditional English snootiness about what it loves to condemn as American brashness, vulgarity and lack of culture on the one hand; on the other, the so-called special relationship, which we cling to rather as the Scots cherish the Auld Alliance with France. Just as most Frenchmen have never heard of the Scottish connection, so Americans seem largely indifferent to their supposed British ties.

Being American should clear the air of European snobberies. It promises an emphasis on the positive side of America: the energy,

what they can do for themselves - applies. In countryside and inner city those traditionally at the bottom of the heap are being taught the obligations of good citizenship along with their rights. It has a faintly familiar ring: the best of Victorian philanthropy without the paternalism. Listeners expecting another catalogue of violence, deprivation and a crumbling state may have to wait. A first instalment, the programme was obviously the first piece of a jigsaw; doubtless further details will both confirm and shatter our prejudices.

Watch out for *Patriotic Money* tomorrow (Radio 4) for more national insights. The first of a series on national attitudes towards currency examines our attachment to the pound, a unit that, *mutatis mutandis*, can be traced back to the age of King Arthur. Did you know our pilots in the Gulf War had gold sovereigns taped to their chests as negotiating counters if shot down? That a junior treasury minister had to write to the Sheikh of Kuwait and others to tell them the sterling area no longer existed? Sir John Knott recounts his shock at a chore that should have been performed by the PM Edward Heath. Another treasureable nugget: John Major "talking tough" on the exchange rate mechanism, his voice quivering with the same passionate sincerity as when he claimed that the thought of secret talks with the IRA turned his stomach, at a time when, it transpired, there were secret talks with the IRA. This England!

M.H.

سنة من الاجل

Not's on in principal
 BIELONA
 STON
 RUSSELLS
 TOWN
 BRAGO
 CINCINNATI
 BERNHAGEN

INTERNATIONAL ARTS GUIDE

What's on in the principal cities

AMSTERDAM

EXHIBITION Stedelijk Museum Tel: 31-20-5732911 ● Cobra en het Stedelijk exhibition of paintings and sculptures from the museum's collection by participants of the international art group CoBRA. The approximately 150 works on display span the period from 1948 to 1962. Included in the exhibition are 17 works by Cornelie that were donated to the museum by the artist last year; to Sep 15

BARCELONA

EXHIBITION Museu Picasso Tel: 34-3-3196310 ● Picasso and the Linocut: this exhibition features 88 linocuts from the collection of the Museu Picasso. Between 1954 and 1964 Picasso devoted great attention to the linocut. His merit lies in the innovation that he made in this medium which brought about the consolidation of its identity and a substantial change in its procedure, permitting an easier register while shortening the time of execution; to Feb 1

BERLIN

THEATRE Maxim Gorki Theater Tel: 49-30-202210 ● Der Hauptmann von Köpenick by Zuckmayer. Directed by Thalbach. The cast includes Till Wehnicher, Martin Engler and Harald Juhnke; 7.30pm; Aug 24

BONN

EXHIBITION Kunstmuseum Bonn Tel: 49-228-76121 ● Picasso - Illustrierte Bücher: exhibition of books and book illustrations by Pablo Picasso. The 100 works on display give an overview of the artist's development in this field between 1911 and 1974; to Sep 22

BOSTON

CONCERT Tanglewood Music Festival Tel: 1-617-2661482 ● Boston Symphony Orchestra: with conductor André Previn and violinist Joshua Bell perform Mozart's overture to La Nozze di Figaro, Bartók's Violin Concerto, Prokofiev's Concerto and Haydn's Symphony No.82 (The Bear). Part of the Tanglewood Music Festival; 8.30pm; Aug 23

BRUSSELS

EXHIBITION Palais des Beaux-Arts Tel: 32-2-5076466 ● L'art en résistance. Peintres allemands de l'entre-deux-guerres: exhibition of works by German artists, created between the world wars. The display includes some 200 paintings and drawings by artists such as Max Beckmann, Otto Dix and Georges Grosz, giving an overview of German art in this period. The works come from the collection of Marvin and Janet Fishman; to Sep 8

CAPE TOWN

DANCE Arena Tel: 27-21-215470 ● Junction: a choreography by Alfred Hinkel, performed by The New Maverick Jazz Dance Troupe; Mon 8.30pm, Tue, Thu-Sat 8.15pm, Wed 1.30pm, Sat also 3pm; from Aug 23 to Sep 14 (Not Sun)

CHICAGO

EXHIBITION Art Institute of Chicago Tel: 1-312-4433800 ● Splendors of Imperial China: Treasures from the National Palace Museum, Taipei: almost 400 works spanning four millennia have been selected for this exhibition from the collection of the National Palace Museum in Taipei. The display features nearly 100 paintings and calligraphic works, as well as more than 200 jades, bronzes, ceramics and other decorative arts; including many of the Tang, Song, and Yuan masterpieces of calligraphy and painting in the museum's collection; to Aug 25

CINCINNATI

EXHIBITION Taft Museum Tel: 1-513-241-0343 ● The Glory of Russia: Five Centuries of Treasures: assembled from several private collections, this overview of Russian art includes icons, oil paintings, works on paper, furniture and decorative arts objects, dating from the 15th century through the early 20th century, when the Bolshevik Revolution changed Russia's system of art patronage and closed most access to Russian art for foreign collectors. Among the works on display is a selection of carved animals and flowers, figurines, presentation pieces, and carved ware from the firm of Peter Carl Fabergé (1846-1920); to Aug 18

COPENHAGEN

CONCERT Throff Concert Hall Tel: 45-33-15



Conductor Kurt Masur, on tour with the New York Philharmonic. See Edinburgh

10 01 ● Kathleen Battle: recital by the soprano. The programme includes works by Handel, Wolf, Liszt, R. Strauss and Granados; 7.30pm; Aug 23

DETROIT

EXHIBITION The Detroit Institute of Arts Tel: 1-313-833-7363 ● The Car and the Camera: The Detroit School of Automotive Photography; this exhibition celebrating the centennial year of automotive manufacturing features the work of Detroit car photographers such as Walter Farynk, Vern Hammarlund, James Northmore, Mickey McGuire, Guy Morrison and others; to Nov 24

DUSSELDORF

CONCERT Rheinstadion Tel: 49-211-8995205 ● The Three Tenors: performance by José Carreras, Plácido Domingo and Luciano Pavarotti, accompanied by the Philharmonia Orchestra with conductor James Levine. This concert is a part of the World Tour of The Three Tenors; 8.30pm; Aug 24

EDINBURGH

CONCERT Usher Hall Tel: 44-131-2281155 ● New York Philharmonic: with conductor Kurt Masur perform Prokofiev's Romeo and Juliet Suite and Tchaikovsky's Symphony No.5 in E minor. Part of the Edinburgh International Festival; 8pm; Aug 18

FESTIVAL

Drumbule Edinburgh Film Festival Tel: 44-131-2284051 ● Drumbule Edinburgh Film Festival: the oldest continually running film festival in the world celebrates its 50th anniversary this year. Major elements are the categories "Rosebud", featuring work by innovative and independent film-makers from around the world; "New British Expo", a showcase of the UK's annual film production; "Gales", premieres of narrative films from around the world playing throughout the festival in cinemas around Edinburgh; "Scene by Scene", in which film-makers take you through their key works; and "Retrospective", this year focusing on 1947, the year in which the festival was born; to Aug 25

FRANKFURT

EXHIBITION Schirn Kunsthalle Tel: 49-69-2998820 ● Lucio Fontana: a major retrospective exhibition featuring the work of the Italian artist Lucio Fontana (1899-1988). The exhibition includes close to 200 works selected from museums and private collections throughout the world. Following recent research in Argentina, where Fontana was both previously unknown works from Argentinian sources are shown for the first time; to Sep 1

HAMBURG

CONCERT Musiktheater Hamburg Tel: 49-40-348920 ● Plácido Domingo and Alinhos Arteta: the tenor and soprano perform duets and arias, accompanied by the Hamburger Symphoniker with conductor Eugene Kohn. Part of the Hamburger Opernwoche; 8pm; Aug 20

HELSINKI

FESTIVAL Helsinki Juhlaviikot - Helsinki Festival Tel: 358-0-1354522 ● Helsinki Festival: international festival featuring classical and contemporary music, drama, theatre, visual arts, films, jazz, pop, rock, ethnic music and literary readings. At the heart of the festival, under the artistic direction of conductor Esa-Pekka Salonen, is the Festival Club Huuva, an unconventional arena for concerts and other performances. About 20 local restaurants and pubs will take part in the project "Art goes Kapitala", offering special menus and giving

lunchtime and evening concerts, dance events and other performances during the festival. Highlights include the traditional Night of the Arts (Aug 25); from Aug 21 to Sep 1

HOUSTON

EXHIBITION The Menil Collection Tel: 1-713-525-9400 ● Georges Rouault: exhibition of works by Georges Rouault including 75 paintings, works on paper, and objects drawn primarily from the Menil Collection holdings. The religious painter Georges Rouault (1871-1958) was a Roman Catholic who reacted against pompous academism and developed his own style - a combination of expressionism and refined primitivism harking back to the early Middle Ages, stained glass techniques and Oriental brush painting; to Aug 18

INDIANAPOLIS

EXHIBITION Indianapolis Museum of Art Tel: 1-317-923-1331 ● Egypt in Africa: more than 80 art objects and artifacts are included in this exhibition exploring the African nature of ancient Egypt. Relationships explored include the use of headdresses and masks, the manner in which works of art portray humans, the symbolism of animals, ancestor worship and divine kingship, tattooing and scarification, and mother and child figures; from Aug 24 to Nov 24

LONDON

CONCERT Royal Albert Hall Tel: 44-171-5898212 ● New York Philharmonic: with conductor Kurt Masur and violinist Anne-Sophie Mutter perform Brahms' Violin Concerto in D major and excerpts from Prokofiev's Romeo and Juliet. Part of the BBC Henry Wood Promenade Concerts; 7.30pm; Aug 21

EXHIBITION

The Hayward Gallery Tel: 44-171-9604242 ● Claes Oldenburg: an Anthology: this exhibition includes around 150 sculptures, maquettes, drawings, notebook sketches and film. This American artist's work became prominent with the emergence of Pop Art in the early 1960s. He is best known for his "soft" sculptures and "giant" objects and colossal monuments in which he transforms everyday objects in startling ways; to Aug 18

LOS ANGELES

EXHIBITION The J. Paul Getty Museum Tel: 1-310-456-7611 ● Illuminating the Mind's Eye: Memory and Medieval Book Arts: an exhibition of European manuscripts exploring the relationship between book decoration and memory in the later Middle Ages. These manuscripts include books of psalms, private prayer books and bestsellers. Among them are exemplary works of the 15th century by such northern European artists as the Master of the Dresden Prayer Book and the Coetivy Master; to Oct 6

LUBECK

CONCERT Musik- und Kongresshalle Tel: 49-451-7904115 ● New York Philharmonic: with conductor Kurt Masur and hornists Philip Myers, Allen Spangler, Erik Raleke and Howard Hall perform R. Schumann's Konzertstück and Bruckner's Symphony No.4. Part of the Schleswig-Holstein Music Festival; 8pm; Aug 23

LUCERNE

CONCERT Jesuitenkirche Tel: 41-41-2103562 ● Mass in B minor: by J.S. Bach. Performed by the Académie für Alte Musik Basle and the FIAS-Kammerchor with conductor Marcus Creed. Soloists include Ruth Ziesak, Andreas Scholl, Hans Peter Blochwitz and Johannes Manov. Part of the Internationale

Musikfestwochen Luzern; 7.30pm; Aug 18

MADRID

EXHIBITION Fundación Colección Thyssen-Bornemisza Tel: 34-1-4203944 ● From Canaletto to Kandinsky: Master Pieces from the Carmen Thyssen-Bornemisza Collection: this exhibition features a selection of about 80 works from the Baroness's private collection. The display includes works by artists such as Toulouse-Lautrec, Monet, Sisley, William Bradford, Maurice Prendergast, Manuel Cabral and Raimundo de Madrazo; to Sep 8

MIAMI

EXHIBITION Center for the Fine Arts Tel: 1-305-375-3000 ● Dream Collection: The Human Figure: the first exhibition of the Dream Collection series features about 20 paintings and sculptures. Among the international array of artists presented are Jim Dine, Jean Dubuffet, Willem de Kooning, Miró, Picasso and Rufino Tamayo; to Oct 13

MONTREAL

EXHIBITION Musée des Beaux-Arts de Montréal Tel: 1-514-285-1600 ● René Magritte: major exhibition devoted to the work of this Belgian Surrealist. The display includes close to 100 items from public and private collections in Europe and North America. As well as paintings and drawings, the show features sculptures, stained glass, photographs, posters and illustrations; to Oct 27

NEW YORK

CONCERT Avery Fisher Hall Tel: 1-212-875-5030 ● Mostly Mozart Festival Orchestra: with conductor Gerard Schwarz, pianist Helene Grimaud and violinist Gil Shofman perform works by Haydn, R. Schumann and Mozart. Part of the Mostly Mozart Festival; 8pm; Aug 22

EXHIBITION

MoMA - Museum of Modern Art, New York Tel: 1-212-708-9400 ● Picasso and Portraiture: Representation and Transformation: exhibition surveying the portrait work of Pablo Picasso (1881-1973). Beginning with early studies from the artist's years in Barcelona, the exhibition moves through Picasso's life via intimate portraits of his family, lovers and friends, including his childhood friend and later secretary Jaime Sabartes, the poet Max Jacob, Picasso's first great love, Fernande Olivier, Olga Picasso, the artist's wife in the 1920s, and his last wife, Jacqueline. The display comprises more than 130 paintings, about 100 drawings and prints, and one sculpture; to Sep 17

OSLO

EXHIBITION Munch-museet-The Munch Museum Tel: 47-22-673774 ● Edvard Munch. Prints from 1896: exhibition of a selection of 131 prints by Edvard Munch from the year 1896, which he spent in Paris. In the workshops of August Closs and Lamerzier a number of the artist's most well-known graphic works were printed, including "The Sick Child" of which 18 different versions are shown. Other well-known prints included in the exhibition are "Young Woman on the Beach" and "Separation". The display also features portrait prints of a number of Munch's friends, such as August Strindberg, Sigmund Obstfelder and Knut Hamsun; to Oct 1

OTTAWA

EXHIBITION National Gallery of Canada Tel: 1-613-990-1985 ● Corot: major retrospective featuring some 135 works by the French 19th century landscape painter Jean Baptiste Corot and commemorating his birth in 1796. The exhibition is organized by the Musée du Louvre, the National Gallery of Canada and the Metropolitan Museum of Art; to Sep 22

OXFORD

EXHIBITION Ashmolean Museum of Art & Archaeology Tel: 44-1865-278000 ● Ruskin and Oxford: art critic John Ruskin always had close links with Oxford. After his appointment as the first Slade professor he decided to found an art school in the university, at which his principles could be put into practice. This exhibition illustrates this little-documented aspect of Ruskin's aims. Most of the works on display come from the collections in the Ashmolean, including drawings and watercolours by Turner and Ruskin given by Ruskin himself as an aid to teaching; to Sep 15

PARIS

EXHIBITION Centre Georges Pompidou Tel: 33-1-44 78 12 85 ● Francis Bacon: retrospective exhibition devoted to this English painter (1909-1992). The display features 86 works - 79 paintings and seven works on paper - from public and private collections,

giving an overview of Bacon's artistic career; to Oct 14 Musée d'Art Moderne de la Ville de Paris Tel: 33-1 53 57 43 00 ● Calder: exhibition devoted to the American artist Alexander Calder who worked in Paris for more than 30 years. The display, organised in collaboration with the Louisiana Museum, features more than 140 works; to Oct 6

PHILADELPHIA

EXHIBITION Philadelphia Museum of Art Tel: 1-215-763-8100 ● Cézanne: an international loan exhibition spanning the career of Paul Cézanne (1839-1906), organised by the Philadelphia Museum of Art in collaboration with the Réunion des Musées Nationaux/Musée d'Orsay in Paris and the Tate Gallery in London. The display includes some 100 oil paintings, 35 watercolours and 35 drawings from public and private collections; to Sep 1

RICHMOND, USA

EXHIBITION Virginia Museum of Fine Arts Tel: 1-804-367-0852 ● Fabergé in America/The Lillian Thomas Pratt Collection of Fabergé: two exhibitions focusing on American collections of the work of Russian imperial jeweller Peter Carl Fabergé. The shows feature some 400 Fabergé objects, their display in Richmond coinciding with the 60th anniversary of the Virginia Museum of Fine Arts and the 150th anniversary of the birth of Fabergé. Highlights of the exhibitions are the Peter the Great Egg and the Czarevitch Egg from the Virginia Museum's Pratt Collection, the Lilies of the Valley Basket from the Matilda Geddings Gray Collection in New Orleans, the Cameo or Catherine the Great Egg from the Merrimack Post Collection, and the Coronation Coach Egg from the Forbes Magazine Gallery; from Aug 24 to Nov 3

ROME

EXHIBITION Museo Nazionale del Palazzo Venezia Tel: 39-6-6798865 ● Felicien Rops. La modernità scandalosa: retrospective exhibition devoted to the work of the Belgian graphic artist Felicien Rops (1833-1898), who settled in Paris in the mid-1870s and acquired a reputation for satanism and decadence. The display features more than 300 works from public and private collections; to Sep 1

ROTTERDAM

EXHIBITION Museum Boijmans-van Beuningen Tel: 31-10-4419400 ● Tiepolo: this exhibition features prints, drawings and paintings by Giovanni Battista Tiepolo selected from Dutch public collections on the occasion of the 300th anniversary of the Italian artist's birth; from Aug 17 to Oct 20

SALZBURG

CONCERT Grosse Festspielhaus Tel: 43-662-80450 ● The Cleveland Orchestra: with conductor Christoph von Dohnányi and pianist Alfred Brendel perform Beethoven's Piano Concerto No.1 and Mahler's Symphony No.5. Part of the Salzburger Festspiele; 8.30pm; Aug 23

EXHIBITION

Rupertinum - Salzburger Landesausstellungen Tel: 43-662-8042336 ● Oskar Kokoschka: exhibition of about 150 paintings, watercolours and drawings by the Austrian artist Oskar Kokoschka (1886-1980). The works on display span the period from 1903 to 1976 and come from the collections of the Stiftung Oida Kokoschka and the Musée Jenisch in Vevey; to Oct 13

SYDNEY

EXHIBITION The Powerhouse Museum Tel: 61-2-2170111 ● Treasures from the Kremlin: the world of Fabergé: five of the remaining Fabergé Easter Eggs designed and created by the Russian jeweller Peter Carl Fabergé are among the works featured in this exhibition. The exhibits come from the collection of the Armoury Museum at the Kremlin and include about 250 objects made of gold, silver and semi and precious stones; to Sep 20

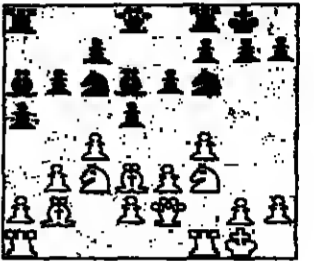
WASHINGTON

EXHIBITION National Gallery of Art Tel: 1-202-7374215 ● In the Light of Italy: Corot and Early Open-Air Painting: the achievements of the international group of painters who assembled in Rome and southern Italy at the end of the 18th century and the early years of the 19th century are presented through about 120 paintings. An important feature of the exhibition is a selection of 20 of the finest Italian sketches and small finished view paintings by Corot in the context of plein-air painting in the early 19th century; to Sep 2

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CHESS

Only three of the UK's 30 grandmasters competed in the British championship which finished last night at Nottingham, but there was plenty of lively attacking chess. One-third of the players were aged under 21, the two youngest 12 and 11. Readers of this column will be familiar with the concept of developing the queen's rook at Qc2 or Qc4 prior to a crossboard switch against Black's castled king. This week's game shows the mirror image with the KR. White's key choices are 11 Rb4, where the king is safer than if castled; and 15 dxe6, a winning sacrifice (Graham Lee v James Vigos, Pirc Defence).



No.1,141 M Bezold v Froehlich, Wurzburg 1996. This looks, and is, an innocuous position; but Black (to play) now made a natural move which proved a blunder when White's reply forced resignation. How did the game end? Solution, Page 11

Leonard Barden

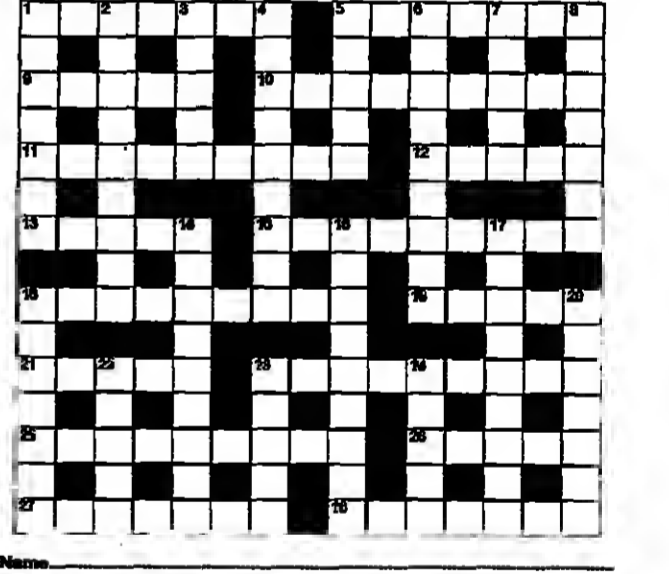
BRIDGE

Politicians are notorious for never admitting their errors, however damning the evidence - even at the green baize. Not enjoying parliamentary privilege, I leave the characters from this Lords v Commons match unnamed. N K 8 7 6 4 ♠ 3 5 ♣ K 5 2 ♠ A J 4 ♠ J 2 ♠ 10 ♠ A Q J 9 7 ♠ K 10 3 2 ♠ J 7 6 4 8 ♠ 10 8 7 5 3 2 ♠ A Q 9 5 3 ♠ 6 4 ♠ A Q 8 ♠ 9 6 South, for the Commons, opened 1S, West overcalled 2H, and North ended the auction with 4S. West led 2♣. Declarer played low from dummy, East won with K♣, and returned the suit. West ruffed, and led A♥ and 7♥. East won, led

Paul Mendelson

CROSSWORD

No. 9,149 Set by CINEPHILE A prize of a classic Pelikan Souverain 800 fountain pen for the first correct solution opened and five runner-up prizes of £26 Pelikan vouchers. Solution by Wednesday August 28, marked Crossword 9,149 on the envelope. To the Financial Times, Number One Southwark Bridge, London SE1 1HL. Solution on Saturday August 31.



ACROSS 1 Refuse to recognise girl with sword (7) 5 Listening device for spy, thing to dread (7) 9 Motorist's serious station opened by economist (5) 10 Movement of a corpse topped by jungle (6,4) 11 Roman office across compassion? Not what one wants to hear (4,5) 12 Dad's upset by his ladybird's diet (5) 13 Criticises former property tax (5) 15 Ancient locomotive may find later soon (4,5) 19 Consistency shown by a number formerly around these parts (9) 19 Goodbye and thank you - opening for leaves? (6) 21 Unit of heat? Tell that to them! (5) 23 Having pledged one's hand and feet, if possible (9) 25 Gas jet just to make money? (6) 26 A measure of sand in the world (5) 27 Lawyer troubled about one in a bored case of way (7) 28 Ancient city must lie in ruins (7) DOWN 1 Military training centre for some cavalry put in north-balls (7) 2 Trial marriage for Lord's? (4) 3 A little daytime demon (5) 4 Counsel is offered in private (6) 5 Insect with companion on tree (5) 6 Composer covered in blood opposed to liberalism (9) 7 Parent of long liver will have no answer of part (5) 8 The quick cannot be love a good person and be mature about it (7) 14 South wind (most of one) on Long Island caused by volcano (9) 19 Nothing to write because of hesitation? Here anyone can join in (4,5) 17 Unwilling to revive a suit that's in schism (9) 18 Scratching tooth (4,5) 20 Row in children's game's old news (7) 22 Maybe a wide man in the crowd (5) 23 Everyone's agreed to bring relief (5) 24 Backer of play falls from a great height (6)

Solution 9,148 Solution 9,137



James Morgan

Vanga's foresight is contagious

Bulgaria is mourning the loss of a clairvoyant: But what was her role in that troubled country?

It was with mixed emotions last Monday that I read of the death of Vanga, as Vangelia Goushterova was known. Bulgaria's leading clairvoyant was 85 and had been ill for some time but her renown and popularity had never been greater. My involvement with her began in 1985 when I went to Sofia to reveal to an apathetic world the horrors of Bulgaria's campaign to make its ethnic Turks change their names.

Thanks to the ruthless application of the techniques of investigative journalism I came upon my second "scoop" of the week to the bar of the Vitosha Hotel. A man turned to me and said: "The old witch is mortally ill." I had not heard of Vanga at the time but soon found everybody else had and called her "Granny".

Anyway, the news went out on that distant January day: Vanga was at death's door. As a result I enjoyed 15 minutes of fame in her homeland thanks to the BBC's Bulgarian service. The rest of the world remained in ignorance of her foresight.

Vanga's claim to fame was somewhat better founded. One million Bulgarians had consulted her and she was always right. As the national news agency noted last Sunday, her "extraordinary psychic powers had long ceased to be disputed by scientists". Her clients included the country's former communist dictator, Todor Zhivkov, and Simeon, claimant to the nation's throne.

By a strange coincidence on Monday I found myself among east Europeans and was able to tell a young Bulgarian of her nation's loss. She blanched. Even the Ukrainians in her group gasped. I asked, not for the first time, what Vanga had actually said, and was told, yet again, that she foretold the future.

"Did she foretell the collapse of Communism?" I asked. "She wouldn't have dared to," snapped a young Romanian lady. And on Monday all the newspapers in Bulgaria made Vanga's death their main story. They told how, at the age of 12, she had been taken up by a whirlwind and dropped with such force that she lost her eyesight forever. In 1941, "a stranger riding on a white horse, spear in hand, stopped by her place in Strumica, Macedonia, to tell her she should become a clairvoyant". Her powers must have been evident even then for, though blind, she apparently knew the horse was white. She moved to Ropitza in south-western Bulgaria which was on the site of an ancient ruined city. Vanga said that was what gave her strength.

Peter Aspden To hell with all this hype



As someone who has always regarded Tony Blair as something of a pussycat, I find it hard to see the devil in those red-dened, slit eyes which peer out of the Conservative party's latest poster campaign?

Demonisation? I don't know about that. To me, he looks more than ever like he has just slurped a pint of Devon's finest and is hanging around looking for someone to rub that bit between the shoulder blades which sets frisky tails al aquiver. But the Bishop of Oxford, among others, does not appreciate what he sees as the satanic imagery of the campaign. The Rev Richard Harries thinks it deplorable, and potentially dangerous, that politicians stoop to such sordid measures to attack each other. He has the quaint idea that politics is about issues, policies, intelligent debate; proving, sadly, that the Church is still about a century and a half behind the times.

Everywhere there is a cool distance between substance and gloss

Satanic Blair versus righteous Portillo is in fact the very paradigm of a modern political story. It is devoid of substance, childish, patronising. It tells us ooth

Given the eccentricities of the English inheritance system, the squire of Chavenage was lucky to have bounced into this world with only two barrels to his name. His grandfather started life as George Williams Lowsley Hoole, the two middle names being chosen to satisfy - or so it was hoped - the conditions of a future inheritance.



Proud inheritance: David Lowsley-Williams in the bedroom at Chavenage where Oliver Cromwell slept

Tony Anderson

Private View

Lord of the manor

Christian Tyler asks a member of the landed gentry why he battles on in the country-house set

We were standing in the chapel at Chavenage looking at the old man's memorial plaque. The grandson explained: "When I was born he said to my mother, 'For goodness sake give the poor mite just one first "scoop" of the week to David Lowsley-Williams.'"

He was 23 when he became engaged to Rona McCorquodale on Easter Sunday 1958. The following day his uncle threw a party and announced he would hand over the house, farm and estate as a wedding present. (In those days such gifts were exempt from death duty.)

That night his uncle, who had cancer, suffered a relapse. Next morning, the family's solicitor and doctor advised that the couple should marry without delay in case the gift were challenged. The wedding was set for the following Monday. A special licence had to be arranged because the bridegroom was Roman Catholic and the bride was Anglican. Some 250 guests had to be summoned by telephone. "Luckily, Rona just walked into her grandmother's wedding dress," Lowsley-Williams added.

Four days after the wedding, the uncle died. Meanwhile, rumours of an upper-class shotgun wedding had reached the ears of Fleet Street columnist Marjorie Proops. "She rang up and tried to read all that sort of thing into it," Lowsley-Williams said. "I had to talk for 20 minutes without saying anything - you know what I mean?"

Later, I asked him if this nexus of properties, legacies and marriages was what made the English class system so enduring. "I think we're the only people who have a feeling of continuity, who treat capital as capital and income as income," he replied. "The concept of capital that is sacrosanct has virtually disappeared."

"My uncle, because he lost his own money on a rash investment, reckoned he had no money left, though legally he owned the whole place. And so to the end of his life the only car he had was a clapped-out old Land Rover." On open days, Lowsley-Williams acts as guide while his wife takes the money at the door. He points out the ancient stained glass from the monastery which was wotund up in the 14th century after the prior was excommunicated for embezzlement. He picks up a cricket score book in which four members of the Grace family appear playing

at Chavenage in 1884. He shows a button box which belonged to the great-great-uncle of his father's nurse who was a steward on Nelson's flagship *Victory*. He shows the adjacent church where the staff - now reduced to one daily help - would worship each morning and where a cowled monk has been seen. Most of all he shows the bedroom, its walls covered in made-to-measure Flemish tapestries, where Oliver Cromwell is supposed to have slept after persuading a former owner of Chavenage to join the regicides. On a side table stands a crucifix, reminder of the exorcism ordered by his grandmother.

The master of Chavenage does nothing to discourage the ghost-mongers. To set the flesh-crawling he recites from memory an account of how the headless shade of King Charles is seen driving up to a coach to claim the soul of each dying incumbent. To ensure the succession of his own son George, Lowsley-Williams has put the estate into a family trust. He pays rent as householder and his son pays

rent as farmer of the 1,100 acres of arable land. His wife looks after the 220 dairy cows. Apart from the two open days, required of owners of historic houses who accept capital grants from the government, Lowsley-Williams defrays his costs by letting out an Edwardian wing for functions. There is amateur Shakespeare on the lawn in summer, clay pigeon shooting for company executives, and - the icing on the cake - television and film location work.

All this brings the cost of living at Chavenage down to manageable proportions. The damage he sustained at Lloyd's was relatively minor because he had avoided insurance syndicates with open-ended commitments. But he was angry at what he called the decline of morality in the City: "Some clever men got away with it while the traditional country names took it on the chin."

"Lloyd's has done more to equalise wealth than any socialist government has managed to do." As we perused the memorials in the chapel (the Stephens family owned Chavenage from 1551

to 1891) Lowsley-Williams said it was rare for a house, once sold, to stay long in its new owners' hands. "At the first sign of problems, instead of buckling down they take the easy option and sell. Whereas if you feel you're the life tenant you do your level best to hand it on."

Do you feel under some obligation to agree? "Oh, I think that is so. But I was warned by our old family solicitor that it would happen, and to decide what I wanted to do - and stick to it." Lowsley-Williams always knew

ing of what either party hopes to achieve if elected to power. It dwells obsessively with image and popular perception. It is centred around one aspect of the mass media - poster advertising - and feeds another, the ravenous desire for cheap polemic.

Intellectuals would call it a *meta*-political story: a story of secondary order. Trendy social theorists would go even further: here is a classic instance of a postmodern politics, skimming the surface of real issues and being refracted through an infinite supply of pundits and pulpits to suit all occasions.

In the meantime, we are asked to make informed decisions about serious social issues, and absurdly chided for our occasional cynicism, which shows every sign of evolving into a chronic condition.

It is not entirely the fault of politicians. Everywhere you look there is a cool distance between substance and gloss. Take the case of Mandy Allwood, the woman who is expecting eight babies: here, too, what is essentially a profoundly ethical dilemma has been ambushed by secondary issues. Is she really contracted by a newspaper on a per-foetus sliding scale (an allegation since denied by the *News of the World*)? Is her partner really a feckless Romeo, as portrayed in the tabloid press?

In times past, a woman in Allwood's delicate position would have sought the advice and attentions of the local priest. Instead, she went straight to a PR consultant. Unsurprisingly, the core of the dilemma has been forgotten. It was left to a doctor (a profession increasingly laden with the duties of priesthood) to warn that the excessive public interest in the case could cause harm to the unborn babies. Kyros Nicolaides, Allwood's consultant, made the Canute-like plea that the media "let the story settle down." Fat chance.

Even in sport, a relatively unimportant social pastime, we find media hype and clever packaging gradually imposing themselves over reality, not least in the mind of the Newcastle United manager Kevin Keegan, whose supposed coup in signing Alan Shearer for £15m flew to the face of common sense.

But *meta*-sport is evidently high in the north-east: nearly 20,000 people turned up to watch Shearer give no more than a press conference at St James' Park. The first babies to bear the great man's name were already dribbling on their black and white bibs before he had kicked a ball. Reality briefly intruded last Sunday when Keegan's team were thrashed in the Charity Shield.

There is no harm in dreaming. But my thoughts keep turning to the Bishop of Oxford, to all clerics everywhere, who are charged with making sense of the world and distinguishing right from wrong amid these paltry soundbites and bubbles of bombast.

Christianity has a rich imagery on which to draw for these poses; but what do you tell your congregation on a Sunday morning when you find the devil on a high street billboard, and top-scoring footballers are the only saints around?

Biggest story of the century

There is life beyond Mars. Well, there used to be...

able effect. Rupe, as you know, owns countless newspapers, TV stations and movie studios. As a result, he has a near-insatiable appetite for narrative - for stories - with which to keep the whirligig spinning. Without stories, Rupe would be dead. So I rang him the other night.

"Giddy, mate," I said. (Only four people in the world are permitted to remind Rupe of his antipodal origins in this manner.) "Giddy, Mike," he said. "Have you got any stories? I've got editors and script managers from Sydney to Eskimo Point squealing for them. There is a world

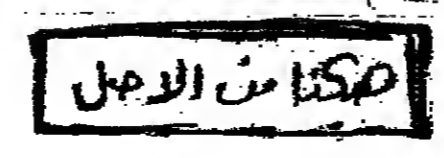
shortage of narrative." "Of course I have," I said. "But we're talking telephone numbers, Rupe. You remember that story the other day about fossilised bacteria in a meteorite proving there was - or had been - life on Mars, at least in the form of microscopic, idiotic, single-celled structures? Well, I've got something thousands of times bigger. Fact is, a team of scientists in my employ has at last cracked the coded content of a pearl-coloured, CD-like object discovered in a meteorite that struck my car in 1985 while I was driving north from Wooroorooka to Cunn-

mulla, in southern Queensland." "What car?" asked Rupe, who likes dabs of verisimilitude. "A golden Holden." "Sounds like there's lots of bloody meteorites around all of a sudden." "Yes, Rupe, there are. Showers of them practically every night. But it is not often they yield their secrets. They fall into the sea or disappear down volcanoes, to which they seem to be attracted. Vulcanologists of my acquaintance say most volcanoes are almost chock-a-block with meteorites. But we're veering off the track, Rupe, we're heading into

the bush. Concentrate, because this is the story of the century." "Bigger than Hitler's diaries?" "Infinitely bigger. Put it this way, Rupe: what does a megalomaniac media mogul such as yourself dream of owning?" There was silence on the line. Correction: there was the gurgle, sub-molecular trembling of an enormous brain at work, racing, surging. "Well," said Rupe at last. "There was a time - just before and then just after I bought the Hitler diaries - when I thought I was in with a chance of capturing all the world's media. But

that prize slipped away. And now it's irretrievable. Cyberspace is expanding too rapidly. All a fellow can do now is try and buy all the stories. Monopolise the narrative." "That is exactly how I can help," I said. "The pearl-coloured, CD-like object discovered in a meteorite that struck my car in 1985 comes from a long-vanished civilisation that died for lack of narrative. It had no more stories. It had used them all up. Extinction swiftly followed. But before it vanished, it put all its exhausted stories on to discs, popped the discs into meteorites, and sent them off in a fiery cloud. They voyaged for 3bn years. The stories on that disc, Rupe, will keep your media empire afloat for another 20 years."

"How much do you want?" asked Rupe. My voice fell to a whisper. I said: "How much have you got?"



WEEKEND INVESTOR

Last week's interim results

Table with columns: Company, Sector, Half year to, Pre-tax profit, Interim dividend. Lists companies like Aviva Petroleum, BOC, BPC, etc.

(Figures in parentheses are for the corresponding period) Dividends are shown net pence per share, except where otherwise indicated. Losses: † Net asset value per share. ‡ Irish pence and pence. § 3-month figure. ¶ US dollars and cents.

Last week's preliminary results

Table with columns: Company, Sector, Year, Pre-tax profit, Earnings, Dividend. Lists companies like Cels, Canal Island, etc.

Results due next week

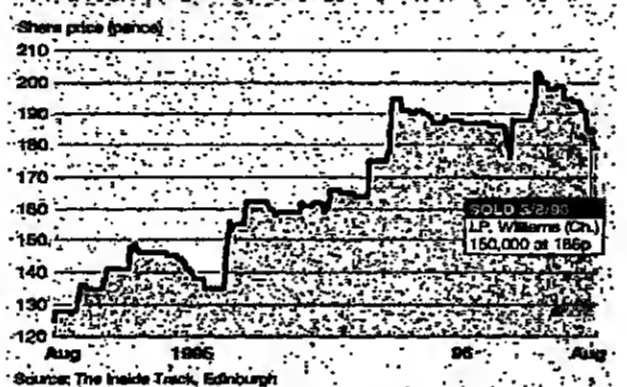
Table with columns: Company, Sector, Amount, Last year, Dividend. Lists companies like Armitage Brothers, BSK, etc.

Dividends are shown net pence per share and are adjusted for any intervening scrip issues. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. † 1st quarterly. ‡ 2nd quarterly. § 3rd quarterly. ¶ Irish pence and pence.

Directors' share transactions in their own companies August 5-9 1996

Table with columns: Company, Sector, Shares, Value, No. of directors. Lists companies like SALES, Glenmore, etc.

Precoat International



Directors' dealings Engineering sales

At Carclo Engineering, finance director David Adam bought 20,000 shares at 225p each and James Henderson 2,000 at 228p, writes Vivien MacDonnell of The Inside Track.

Current takeover bids and mergers

Table with columns: Company, Value of bid, Status, Price, Value of bid, Status, Price. Lists companies like Automated Security, Continental Fibre, etc.

Price pence unless indicated. All cash offers. Offer capital not already held. † Unconditional. ‡ Based on headline price 156/95 55Shares and cash. § Based on the latest advertised bid price in the title of Man Earnings. (†) Scheme of arrangement. ‡ + 48p Special Dividend.

Bids/deals Hostilities at Lloyd's

The first hostile takeover bid among the new generation of corporate capital providers at Lloyd's of London appeared likely this week after the Bonfield & Rea Investment Trust launched a surprise £79.6m bid to acquire HCG, another Lloyd's investor, writes Patrick Hendersson.

Lloyds, said it remained very interested in the company. Advisers to UniChem said it was confident of meeting within the next two weeks the government's criteria for a fresh bid. The newly listed Lloyds' shares 12p to 482p on Friday.

New issues

Lourho, the demerging conglomerate, this week unveiled plans to float off its Princess Metropole Hotels in a move likely to value the chain at over £600m, writes Christopher Price.

Rights issues

None

Offers for sale, placings & introductions

Worthington is to raise £3.6m via a placing and offer of 7.02m shares at 57p. The announcement came as Lourho announced an £80m investment to turn the London Metropole into Europe's biggest conference hotel.

In the Pink

Why investors should be ready to return to nature

Raw materials are emerging from a long bear market. Stocks are low and prices have to rise, says Jim Rogers.

Jim Rogers, the former partner of George Soros, is the author of Investment Biker, in which he recorded his motorcycle tour of the world's emerging markets.

Raw materials have been in bear markets for between 15 and 25 years. Those markets are in the process of ending, so the best place to invest now is in those very markets and/or countries - many of which we now call emerging markets - that produce natural resources.

Take a look back to the 1970s to find a parallel with the secular change occurring in world markets now. The US central bank and government created a huge sea of liquidity. Monetarists say that that alone was enough to cause the commodity boom of that decade.

and demand, raw materials entered a bear market. No one invests during bear markets, so productive capacity has stagnated and/or declined.

Stockpiles of most raw materials are now at or near all-time lows. Take grain: the world stocks/usage ratio is the lowest in recorded history in spite of some of the largest harvests ever during the past six years.

Some may protest that the oil shock caused that era of stagflation, but do your homework. Grain and sugar prices had tripled before the 1973 war. Oil was the last commodity to rise, and it did so because of its own supply/demand dynamic - not because of Opec, which had consis-

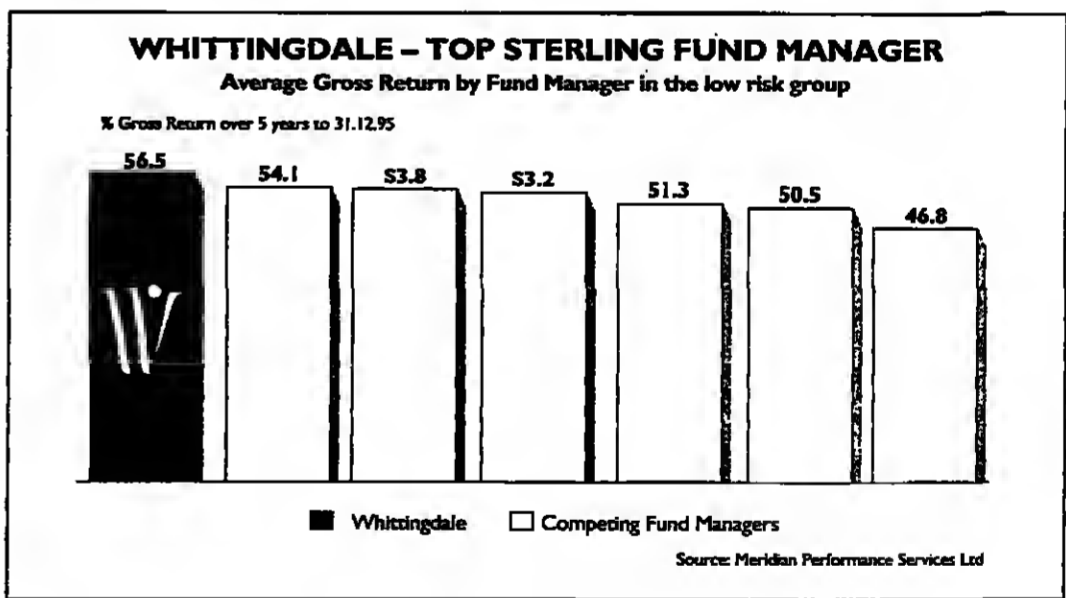
tedly failed to raise hydrocarbon prices in spite of its annual efforts since 1960. By the 1980s, these two trends had reversed. The US central bank cut back hard on liquidity while the price boom brought out lots of new supply and reduced demand.

Another key change affecting many world markets is political. No one wants to be a Communist any more; few even want to be socialists. If they do, they want to be rich socialists. Governments the world over are opening their economies to attract capital.

Low valuations, significant secular supply/demand shifts, and incentives for investment are going to lead to a whole new set of millionaires in the next decade.

Not only will raw material companies thrive, but so will economies based on natural resources. You will be better off investing in

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Weekend Investor

Wall Street

London

First the chill, then the doldrums

Footsie hits a holiday high

Normality returns to New York but uncertainty remains, writes Lisa Bransten

Index rises in thin trading, Philip Coggan reports

Given the chilly drizzle that fell over Manhattan on Monday, an average New Yorker could not be faulted for assuming summer was over and the city had skipped directly to late autumn. Not so on the market where, after an extremely volatile June and July, the summer doldrums finally struck with a vengeance.

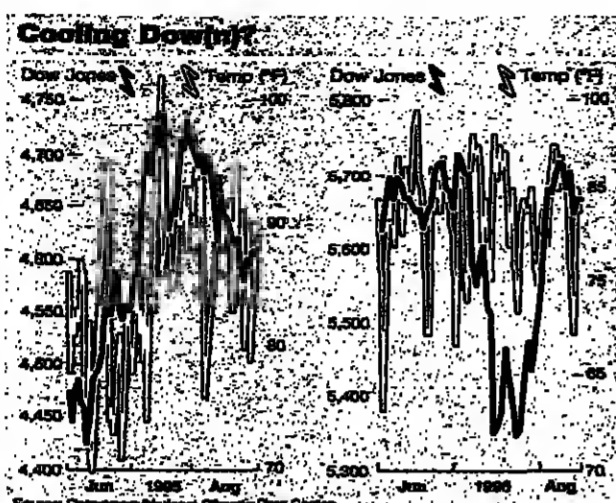
But the lack of activity, after such an erratic start to the season, has left a great deal of uncertainty hanging over the market. Average daily volume, which had been running at around 400m shares since May, has dropped to just 355m so far this month. Trading curbs triggered when the Dow Jones Industrial Average moves more than 50 points in either direction, have been set off only three times in the past 11 sessions compared with 14 in July's 22 sessions.

In New York, where the favourite summer pastime is complaining about the humidity and scorching sun, many were beginning to think that the normal weather and sleepy markets of summer would never come. For the first time in more than 100 years, the first two months of summer came and went without the thermometer breaching 90 degrees Fahrenheit.

Last year, the weather was normal but the markets did not sleep. Sizzling summer temperatures seemed to contribute to the rising market. From June to the end of August, the Dow climbed 3 per cent to 4,610.56 and the Nasdaq composite - which is full of volatile technology shares - rocketed 18 per cent to 1,020.11.

This year, the chilly weather appears to have kept investors focused. First, they sent shares sharply lower amid fears that a rapidly growing economy would force the Federal Reserve to raise interest rates. Since late last month, however, signs of economic cooling have helped shares to crawl back.

From June to mid-July, the Dow dropped more than 5 per cent; but at midday yesterday it registered 5,685.75, about 42 points ahead of where it started the summer. The Nasdaq -



which, late last month, was as much as 17 per cent below the high it hit on June 5 - is about 9 per cent off its lows.

As of yesterday, the consensus that the Federal Reserve would not raise interest rates at Tuesday's meeting of its open market committee still held, but economists are divided sharply about the course of monetary policy for the rest of the year.

Thus, the correction Wall Street analysts began predicting at the start of the year has largely corrected itself, leaving market-watchers wondering whether that was it or simply the start of a bigger drop.

Byron Wien, chief equity strategist at Morgan Stanley and one of Wall Street's most prominent bears, attributes some of the market's recent calm to the soothing effect of the recent uptrend. "With the August recovery, the mood of investors has improved and many have proceeded with their vacation plans," he says.

But he cautions against relaxing. "I still believe the US market is in danger of suffering a serious decline. I had expected the trouble to start this summer and extend into the first quarter of 1997 and I am not altering that forecast."

Nor has the recent uptick comforted Gall Dundak of UBS, who has adopted the motto "DJ 5000 before DJ 6000". Especially troubling, she says, is the outperformance of safer blue chip stocks, evidenced by Dow's relative strength in recent weeks.

Even on the Nasdaq, a sharp division has emerged between the best known names - Microsoft, Intel, Cisco Systems and Oracle which all are trading within \$2 of their all time highs - and the high-fliers of the first half of the year: Netscape Communications, Iomega and US Robotics, which are all at less than half of their highs.

"Unfortunately, this is a characteristic of a... transition from bull market to a bear market," says Dundak. "I believe the correction process started a long time ago and that the Dow may succumb last. It may not happen in [August or September] but there will be something that triggers a fall."

Laszlo Birinyi, president of equity researcher Birinyi Associates, draws the opposite conclusion from the same evidence. He takes the market's sturdy recovery as a sign that the Dow could be about to make a positive break out of the range of 5,400 to 5,700 it has held this year.

There will be little to settle the debate for the rest of this month. The summer earnings season is mostly over, and nothing in the way of market-shaking economic news is due out until after the Labour Day holiday early in September.

Dow Jones Ind Average

Monday	5704.98 + 23.67
Tuesday	5647.28 - 57.70
Wednesday	5686.88 + 19.50
Thursday	5665.78 - 1.10
Friday	

With one bound, Footsie was free. During yesterday's session, the UK market's leading index kept out of its recent trading range of 3,600-3,850 to record an all-time intra-day high and a closing peak of 3,872.8.

Throughout the week, the FT-SE 100 index had been edging up steadily to its previous closing peak of 3,857.1, recorded on April 19. But the rally can hardly be represented as the result of overwhelming enthusiasm - trading was thin, with many dealers away on holiday. Moreover, the broader market indices were somewhat more subdued: the Mid-250 index, for example, remains around 200 points off its peak.

The improved sentiment owed much to Wall Street, which has stabilised after the trauma it experienced in July. US investors seem to

be convinced that the Federal Reserve will not raise interest rates when it meets on Tuesday and the 30-year Treasury bond yield has dropped from 7.25 per cent to 6.75 per cent, taking a lot of pressure off global equity markets. Another positive international influence was Germany, where there are hopes the Bundesbank might lower rates on Thursday.

In the UK, institutional investors have been reducing their holdings of domestic equities for some time. Thrown in cash from share buy-backs and the odd takeover and there was, accordingly, plenty of liquidity to move into the market when the mood changed.

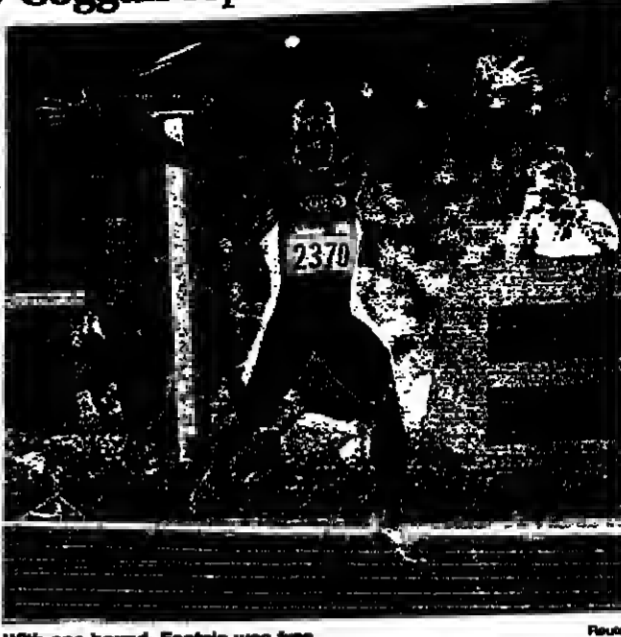
The week's economic statistics may also have helped, although they did not really resolve the debate between those who support Kenneth Clarke, the chancellor, who believes inflationary pressures are subdued; and those who support Eddie George,

the governor of the Bank of England, who believes a pre-emptive interest rate rise might soon be needed.

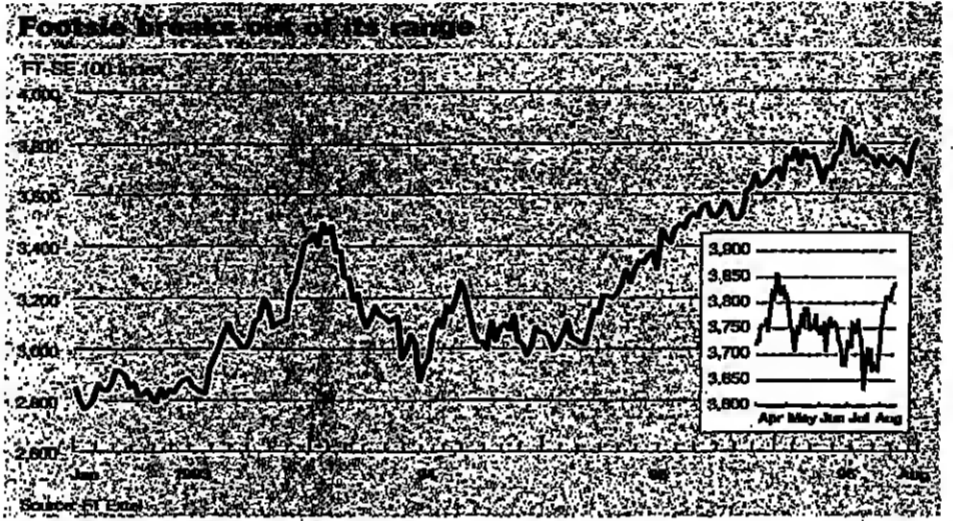
Wednesday's labour market data showed a sharper-than-expected fall in unemployment and a rise in annual average earnings' growth. But the figures need to be interpreted with caution - unemployment actually rose in July and the fall reflects the seasonal adjustment process.

Nevertheless, the employment data added weight to the governor's arguments. But the chancellor can point to Monday's producer prices and Thursday's retail figures, neither of which showed any sign of an upward move in inflation. Indeed, the rate of producer price growth was the lowest for 30 years.

While a further interest rate cut might help the stock market - and would certainly do no harm to the government's re-election



With one bound, Footsie was free



Highlights of the week

FT-SE 100 Index	3872.8	+82.2	3872.1	3460.1	Interest rate optimism
FT-SE Mid 250 Index	4386.4	+11.9	4266.8	3948.7	Corporate deals
FT-SE All-Share Index	4841.6	+23.4	4818.2	469	Tobacco litigation
BOC Group	896	-27	849	792.9	Fast results
Burnham Central	1089	+49	1094	907	Firm oil prices
Falvey	697	+47	689	485	US acquisition
Glynwed Int	337	-10	363	298	Dull results
Granada Group	645	+24	619	526.9	Homeing prospects
Great Universal	635	+26	770	550.6	Recent strong results
Lloyds TSB	369	+24	368	294.9	Rate cut hopes
Meyer Int	402	+30	471	292.6	Good results
Nat West Bank	661.4	+38.4	711	583	Takeover rumours
Pearson	677	+30	774	583.6	
Schroders NV	1075	+50	1160	890	

chances - the UK could be in danger of repeating some of its old economic mistakes.

Time and again, UK governments have poured fuel on the fire by cutting rates when the consumer sector is buoyant, leading eventually to a widening trade deficit and accelerating inflation. Then, too late, they have attempted to cool the flames by raising interest rates rapidly, thereby plunging the economy into recession.

For the moment, however, investors seem relatively unconcerned about such long term dangers, or about the prospect of a Labour government. The UK stock market, having lagged behind the world's main markets for much of the year, is seizing the chance to catch up some of the lost ground.

Valuation measures are at levels which do little to suggest that shares are either excessively cheap or dear. On Thursday night, the price-earnings ratio on the Non-Financial index was 17.3, a bit above the 10-year average of 15.3 but well below the 23 rating recorded early in 1994.

The dividend yield on the All-Share was 3.88 per cent, below the 10-year average of 4.2 per cent but well above the rate of inflation and the pre-1987 crash low of 2.85 per cent. Both of the above measures point to shares being on the dear side of the historical trend. But the yield ratio - the relationship between bond and equity returns - was 2.11 on Thursday night, below the 10-year average of 2.2. On that basis, shares look cheap compared

with recent history.

So, if you are inspired by the latest rally to go out and invest in the stock market, which shares should you choose? Goldman Sachs has completed a study of the UK market dating back to 1870, looking at 259 non-financial companies. The study considered five separate valuation measures: earnings yield (roughly the inverse of the price-earnings ratio), dividend yield, price-to-sales, price-to-book (or asset value), and market capitalisation.

Companies with the lowest market capitalisations and the highest dividend yields performed best over the long run. Among small cap stocks, however, price-to-sales and price-to-book ratios became important.

There were some surprising findings in the study: there was no absolute correlation between p/e ratios or earnings yields, and investment returns. Yet, stocks with very high ratios performed well over a one-year period and stocks with low ratios did best over the long term. And, while dividend yield works well as a predictor for the overall market, it is not a good measure of future small cap performance.

"Smaller firms are more likely to reinvest most of their revenues (assuming that they are growing) and therefore, we feel that earnings, sales and cash flow measures are likely to be more successful," says the Goldman Sachs team.



Barry Riley

Death of the dinosaurs

Takeovers have had their day. Now, innovation rules

In the second of three articles on value in the stock market, Barry Riley looks at changes in the structure of modern advanced economies and how companies are responding.

Instead of companies merging, we often now see them splitting apart. Share prices of big companies have lagged about 5 per cent behind those of small ones so far this year, as measured by the FT-SE 100 and SmallCap indices. Are these just temporary phenomena or do they reflect underlying economic realities?

The decline of the conglomerate is a regular talking point in the stock market. Share prices of Hanson and BTR, to name just two, have underperformed seriously during the past year or two.

In their heyday, such companies digested a constant stream of takeovers in order to generate the kind of value required by investors - usually high and growing earnings or dividends. Their expensive shares could be swapped for the cheaper ones of their corporate victims.

In the end, however, this largely phoney growth could not be maintained in the absence of genuine underlying expansion. Their shares have lost relative

value and the takeover game is, for the most part, over.

Investors have realised that the future no longer lies in turning round the performance of poorly managed industrial dinosaurs - a Hanson speciality - but in innovation and exploiting exciting new growth areas of the economy.

The stock market will, therefore, set a greater value on the high-growth subsidiaries if they are split out and listed separately. This happened several years ago with the separation of Racal and Vodafone and was also an influential factor in the ICI/Zeneca demerger. Meanwhile, innovative small companies are snapped up in flotations.

A general theme here is the pressure to release shareholder value. It has now become respectable, rather than a confession of failure, for companies to hand capital back to shareholders, either directly or through a share buyback in the market (for example, as implemented by NatWest Bank last month). Even growth companies like Reuters are generating more capital than they have market opportunities or management capacity. The capital thus recycled further fuels the quest for growth.

Shareholder value is now

becoming an important issue in continental Europe as well as the US and UK. Continental stock markets have always been overpopulated by broad industrial groups lacking industrial focus and with little interest in their share prices. Now there is new pressure to restructure.

Another key element is the continued rapid growth of international trade and the transfer of advanced technologies to the developing economies. When I first came to study the UK stock market 30 years ago, manufacturing was much more important than now, and sectors then important like textiles, shipbuilding and toys and games have more or less disappeared.

New and quite different industries have taken their place. One that is fast becoming significant, for instance, is professional sport, where soccer clubs, once marginal private businesses, are arriving regularly on the stock market; indeed, Manchester United is now worth nearly £300m. That value represents the capitalisation of a vastly expanded stream of income generated through television.

As our spending patterns change, they are reflected faithfully in a shifting stock market structure. The value

employed much more widely in service industries as well as the US and UK. Continental stock markets where its impact has been enormous already). There are profound implications for white collar employment patterns, the property market, and entertainment and leisure.

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As our spending patterns change, they are reflected faithfully in a shifting stock market structure. The value

of old assets and old income streams is questionable if they are under threat. TV companies, once comfortable monopolies, are wiling as competition grows: BSkyB, created from nothing only six years ago, is now worth more than £8m. Orange, an even newer contender in mobile telephones, is worth more than £2bn.

Meanwhile, a one-time industrial giant like Vickers has been reduced to the ranks: it was a star of the old FT-30 Ordinary Share index but today does not get into the FT-SE 100. Alas, it does not qualify as a smaller company, either.

Once, it seemed that companies could rely on the fundamental earning power of their property, machinery and traditional workforce skills. It was never quite that simple, of course. Today, though, the emphasis is much more on the intangibles: innovative technology, software, brands and creativity among the employees.

Thirty years ago, people talked about "lock-up" investments. That seems a fantasy in today's much more uncertain world. Value has become a fleeting phenomenon.

Next week, I shall wrap up this short series by discussing the implications for the personal investor.



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FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

Table of financial data for various unit trusts, including columns for fund names, prices, and changes.

Table of financial data for other UK unit trusts, including columns for fund names, prices, and changes.

OTHER UK UNIT TRUSTS

Table of financial data for property unit trusts, including columns for fund names, prices, and changes.

Advertisement for Rockwell Automatic Call Distributor (ACD) technology, featuring the Rockwell logo and text describing the technology's capabilities.

Table of financial data for life insurance products, including columns for policy names, prices, and changes.

Table of financial data for insurance products, including columns for policy names, prices, and changes.

Table of financial data for insurance products, including columns for policy names, prices, and changes.

Insurances, Money Markets and Other

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (444 171) 873 4378 for more details.

Table of insurance and other financial products including General Insurance, Legal & General, and various Life Assurance policies. Columns include company names, product names, and prices.

Table of FT Managed Funds Service products, including various equity, bond, and specialty funds. Columns include fund names, managers, and prices.

Table titled 'Money Market Trust Funds' listing various trust funds and their prices.

Table titled 'Money Market Bank Accounts' listing various bank accounts and their interest rates.

Table titled 'Money Market Bank Accounts' (continued) listing additional bank accounts and their details.

Table titled 'Money Market Bank Accounts' (continued) listing further bank account options.

Table titled 'Money Market Bank Accounts' (continued) listing more bank account information.

Table titled 'Money Market Bank Accounts' (continued) listing bank account details.

Table titled 'Money Market Bank Accounts' (continued) listing bank account information.

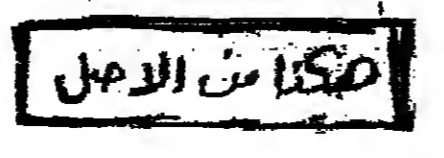
Table titled 'Money Market Bank Accounts' (continued) listing bank account details.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIS RECOGNISED)

Table listing various fund units and their prices under the Bermuda (SIS Recognised) section.

BERMUDA (REGULATED)

Table listing various fund units and their prices under the Bermuda (Regulated) section.

GUERNSEY (REGULATED)

Table listing various fund units and their prices under the Guernsey (Regulated) section.

GUERNSEY (SIS RECOGNISED)

Table listing various fund units and their prices under the Guernsey (SIS Recognised) section.

IRELAND (SIS RECOGNISED)

Table listing various fund units and their prices under the Ireland (SIS Recognised) section.

IRELAND (REGULATED)

Table listing various fund units and their prices under the Ireland (Regulated) section.

IRELAND (SIS RECOGNISED)

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IRELAND (REGULATED)

Table listing various fund units and their prices under the Ireland (Regulated) section.

ISLE OF MAN (SIS RECOGNISED)

Table listing various fund units and their prices under the Isle of Man (SIS Recognised) section.

ISLE OF MAN (REGULATED)

Table listing various fund units and their prices under the Isle of Man (Regulated) section.

ISLE OF MAN (SIS RECOGNISED)

Table listing various fund units and their prices under the Isle of Man (SIS Recognised) section.

ISLE OF MAN (REGULATED)

Table listing various fund units and their prices under the Isle of Man (Regulated) section.

JERSEY (SIS RECOGNISED)

Table listing various fund units and their prices under the Jersey (SIS Recognised) section.

JERSEY (REGULATED)

Table listing various fund units and their prices under the Jersey (Regulated) section.

Advertisement for 'FOR THE BEST RETURN ON YOUR MONEY, COME AND SHARE OUR HOSPITALITY.' featuring a picture of a hotel building.

Vertical text on the left margin: Money Market Trust Funds, Money Market Bank Accounts, FACILITATION SERVICES

Offshore Funds and Insurances

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 171) 673 4373 for more details.

Main table containing financial data for various funds and insurance products, including columns for fund names, prices, and performance metrics. The table is organized into several sections: Luxembourg (Regulated), Luxembourg (SFB Recognised), and Offshore Insurances.

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OFFSHORE

صكوك من الامل

FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4878 for more details.

Main table containing financial data for various funds, including columns for fund names, prices, and other metrics. The table is organized into multiple columns and rows, covering a wide range of investment options.

GUCCI advertisement featuring a watch image and text: 'GUCCI THERE ARE AVAILABLE FROM GUCCI BOND STREET, LONDON SW1, HARRISONS AND SERRAVALLO ALSO AT SELECTED BOUTIQUE STREET, LESZIE DAVE, GOLDMITH, WALKER AND HALL, WATCHES OF SWITZERLAND, HAPPIN & WEBB, BEVERBROS AND OTHER FINE JEWELLERS.'

OTHER OFFSHORE FUNDS

Table listing various offshore funds with their respective prices and details.

MANAGED FUNDS NOTES: A detailed section providing information and disclaimers regarding the managed funds listed in the table.

WORLD STOCK MARKETS

AMERICA

Broad market up as Hewlett slides

Wall Street
Falling long-term bond yields helped US shares rise in mid-session trading, writes Lisa Bransford in New York.
At 1 pm, the Dow Jones Industrial Average was up 22.19 at 5,687.57, while the more broadly based Standard & Poor's 500 rose 3.28 at 665.51, and the American Stock Exchange composite added 1.43 at 553.96. Volume on the NYSE was very light at 1,038 million shares.

technology stocks constitute about 40 per cent. was up 2.04 at 1,138.73 by midday, and the Pacific Stock Exchange technology index had added 0.3 per cent.
H-P shares fell 3 1/4 to \$42 after the company reported earnings in line with analysts' expectations, but forecast that earnings growth would slow as its new order rate declined. Other computer companies held steady. IBM added 3/4 at \$111, Compaq Computer was off 3/4 at \$59 1/4, Dell Computer slipped 3/4 at \$59 1/4 and Gateway 2000 was up 3/4 at \$41 1/4.

day. But that gain was an anomaly among tobacco shares. Philip Morris, the largest tobacco company in the US, posted the worst performance of the 30 companies in the Dow amid continued worries about the ramifications of litigation against several tobacco companies.
Shares in the company slid 1 1/4 to \$87 1/4. RJR Nabisco, the second biggest tobacco company in the US, lost 3/4 at \$26.

Latin America
MEXICO CITY was moving ahead strongly in mid-session trading as many investors speculated that Monday's economic data would confirm an encouraging picture.
The IPC index was up 12.64 at 3,324.26. Brokers were forecasting that the second quarter GDP due to be published at the start of next week would show year-on-year growth of up to 7 per cent.

Cyclical stocks help sustain Stockholm's long rally
Greg McIvor finds a market in ebullient mood
A part from a brief tremor last month following a sell-off on Wall Street, equities in Stockholm this year have been moving firmly ahead. The Afarsvarden general index has risen by 35 per cent, compared with an average gain of 7.1 per cent on other European stock exchanges, putting it among Europe's top performers so far this year.

Cyclical stocks help sustain Stockholm's long rally

move up, clawing back the 35 per cent underperformance shown in the first quarter.
Stockholm's price-to-earnings ratio of 13 is marginally above the Nordic average of 12.5, reflecting its greater liquidity compared with Helsinki and Oslo.
Paradoxically, the market's health has come against a background of poor domestic economic fundamentals. Unemployment and high levels of consumer saving have been coupled with weak investment activity among Swedish companies. An appreciation of the krona and continuing inventory

EUROPE

Dax lifted by bunds, dollar and the Dow

Higher bunds, an emphatic lift in the dollar/D-Mark rate and a rise in the Dow combined to lift the Dax index within a percentage point of its all-time high. It closed 252.1 higher at 2,567.98 as turnover rose from DM4.4bn to DM5.8bn.
The theory was that the German M3 money supply aggregate will show a further slowing down in its growth rate next week, that the Ifo business sentiment index will show at best a small improvement in July and that the Bundesbank, back from holiday, will be moved to cut the repo rate next Thursday.

Financials continued to lead the way following ABN Amro's good interim results on Thursday. The bank, ex a dividend of F1.80, closed with a net gain of 40 cents at F19.4. ING, the insurer which reports its interim next week, gained F1.20 to F15.50.
At Nobel, meanwhile, was F12.60 firmer at F191.60 as investors welcomed news

FT-SE Actuaries Share Indices

Table with columns: Index, 10.20, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE 100, FT-SE 250, FT-SE 500, FT-SE 1000, FT-SE 2500, FT-SE 5000, FT-SE 10000, FT-SE 25000, FT-SE 50000, FT-SE 100000.

of the sale of its US salt operations to Signal Pharmaceuticals.
ZURICH rose on the Dow and the dollar, the SMI index closing 24.3 higher at 3,670.5. In banks, CS Holding, with half-year figures due next week, closed SFR2.50 higher at SFR130.50.

to DKR585 on a good interim result and promising expectations for the full year.
MILAN remained in holiday mood after Thursday's closure with options expiry causing some volatility as the MIBEX index rose 39 to 9,658, and the Comit 4.59 to 604.78.

run-downs have savaged export earnings.
Analysts suggest that underlying profits across the market this year, once currency hedging is stripped out, will be some 20 per cent down on last year. But this has not deterred capital from flowing in. "Investors have been prepared to ignore 1996 profits and see 1996 as a lost year; they are pinning their hopes on 1997," Mr Gibson says.

THE WEEK'S CHANGES

Table with columns: Index, % Change. Rows include Amsterdam, Frankfurt, Copenhagen, Zurich, Milan, Stockholm.

ularly chemicals, where BASF's sale of unwanted offshoots was another reminder of restructuring prospects.
BASF led the performance, with active stocks lists, rising DM1.07 or 2.5 per cent to DM43.30 in turnover of DM581m. Kali und Salz, which BASF is selling, fell another DM8 to DM187.

Plat2,285 after Thursday's news that the remaining 20 per cent state-owned stake in the group would be sold to the public in the first half of next year.
COPENHAGEN hit its third consecutive all-time high, with the KFX climbing 0.55 to 118.61 in turnover of DKR636m. Dealers predicted that the positive mood would continue next week.

South Africa
Sappi, the pulp and paper group, fell R2.80 or 5 per cent to R43 after the company issued a profits warning. This demise came as the gold index closed at 285.2 at 17.84, the overall index at 36.9 to 5,527.4 and industrials fell 37.8 to 7,736.5.

ASIA PACIFIC

Tokyo takes profits in telecoms

Tokyo
Small lot profit-taking in telecoms and high-tech stocks were an influence as the Nikkei averages fell more ground, writes Eric Koro in Tokyo.
The 225 index fell 134.25 to 20,824.00 after trading between 20,824.25 and 20,866.84. Volume was at its lowest for the year, 214m shares against 296.3m.

Monday, firmed 75 cents to HK\$79.25.
TAIPEI remained worried by comments from President Lee Teng-hui on Thursday regarding the island's business relationship with mainland China. The weighted index rose 35.32 to 6,249.51.

THE WEEK'S CHANGES

Table with columns: Index, % Change. Rows include Shanghai, Shenzhen, Hong Kong, Taipei, Seoul, Manila, Jakarta, Singapore.

Government-related funds came into the market to buy plastics, and Grand Petrochemical rose 40 cents to R25.20.
BOMBAY was hit by foreign institutional selling, and the BSE 30 share index fell 41.66 to 3,382.75. SBI, India's largest bank, was Rs9.50 or 3.4 per cent lower at Rs270.50, after foreign holders took the view that a GDR issue of up to \$500m would dilute the equity.

ROUNDUP

Worries about a possible clampdown on B-share buying by Chinese nationals were shelved in SHENZHEN as Telus Machinery soared HK\$2.30 or 124 per cent to HK\$2.30.

THE WEEK'S CHANGES

Table with columns: Index, % Change. Rows include HK3415, HK3415, HK3415, HK3415, HK3415, HK3415, HK3415, HK3415, HK3415, HK3415.

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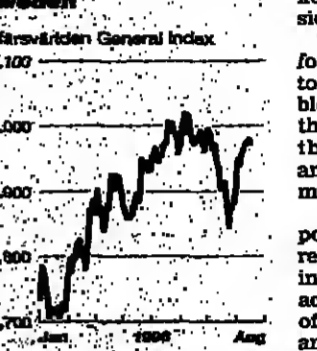
FT/SP ACTUARIES WORLD INDICES

Large table with columns: Country, Index, % Change, Local, US Dollar, etc. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, India, Ireland, Italy, Japan, Korea, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Taiwan, Thailand, United Kingdom, USA, etc.

SWEDEN

Table with columns: Index, % Change. Rows include Afarsvarden General Index, Afarsvarden 100, Afarsvarden 250, Afarsvarden 500, Afarsvarden 1000, Afarsvarden 2500, Afarsvarden 5000, Afarsvarden 10000, Afarsvarden 25000, Afarsvarden 50000, Afarsvarden 100000.

SWEDEN



TRADITIONAL OPTIONS

Table with columns: Issue, Amt, Price, Exp. Date, etc. Rows include British Funds, Other Food Int'l, Mineral Extraction, General Manufacturers, Consumer Goods, Services, Utilities, Financials, Investment Trusts, Others.

LONDON RECENT ISSUES: EQUITIES

Table with columns: Issue, Amt, Price, etc. Rows include British Funds, Other Food Int'l, Mineral Extraction, General Manufacturers, Consumer Goods, Services, Utilities, Financials, Investment Trusts, Others.

RIGHTS OFFERS

Table with columns: Issue, Amt, Price, etc. Rows include British Funds, Other Food Int'l, Mineral Extraction, General Manufacturers, Consumer Goods, Services, Utilities, Financials, Investment Trusts, Others.

FINANCIAL TIMES EQUITY INDICES

Table with columns: Index, % Change, High, Low. Rows include FT-SE 100, FT-SE 250, FT-SE 500, FT-SE 1000, FT-SE 2500, FT-SE 5000, FT-SE 10000, FT-SE 25000, FT-SE 50000, FT-SE 100000.

FT GOLD MINES INDEX

Table with columns: Index, % Change, High, Low. Rows include Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index, Gold Mines Index.

TRADEPOINT INVESTMENT EXCHANGE

Table with columns: Index, % Change, High, Low. Rows include FT-SE 100, FT-SE 250, FT-SE 500, FT-SE 1000, FT-SE 2500, FT-SE 5000, FT-SE 10000, FT-SE 25000, FT-SE 50000, FT-SE 100000.

LONDON STOCK EXCHANGE Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

British Funds, etc

Treasury 13 1/2% 2000/03 - £125.40

Corporate and County Stocks

Manchester City 11 1/2% 2000/03 - £102.10

Foreign Stocks, Bonds, etc

Hong Kong 10 1/2% 2000/03 - £102.10

Barton Group PLC 8 1/2% 2000/03 - £102.10

British Petroleum PLC 10 1/2% 2000/03 - £102.10

British Telecom PLC 10 1/2% 2000/03 - £102.10

British Airways PLC 10 1/2% 2000/03 - £102.10

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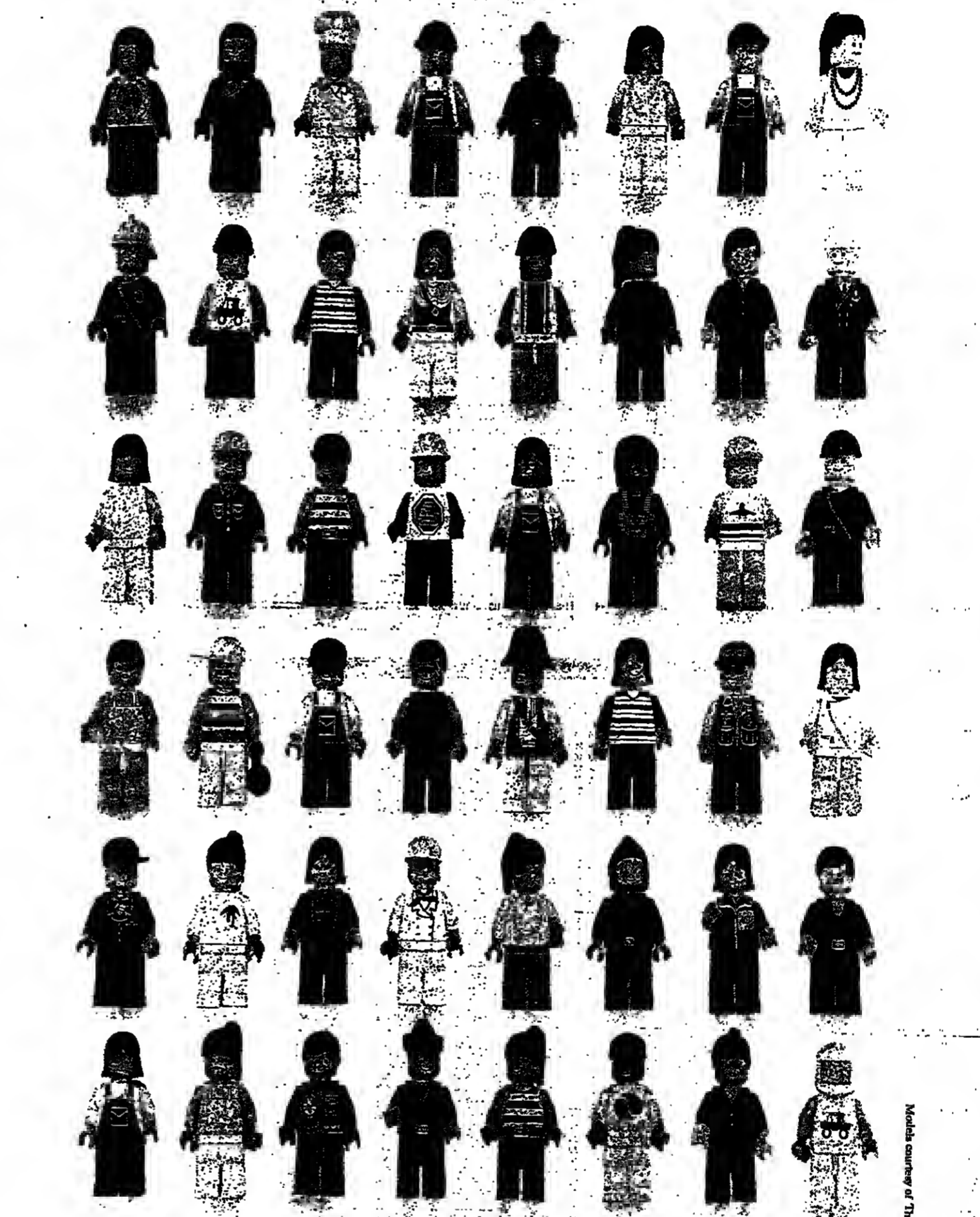
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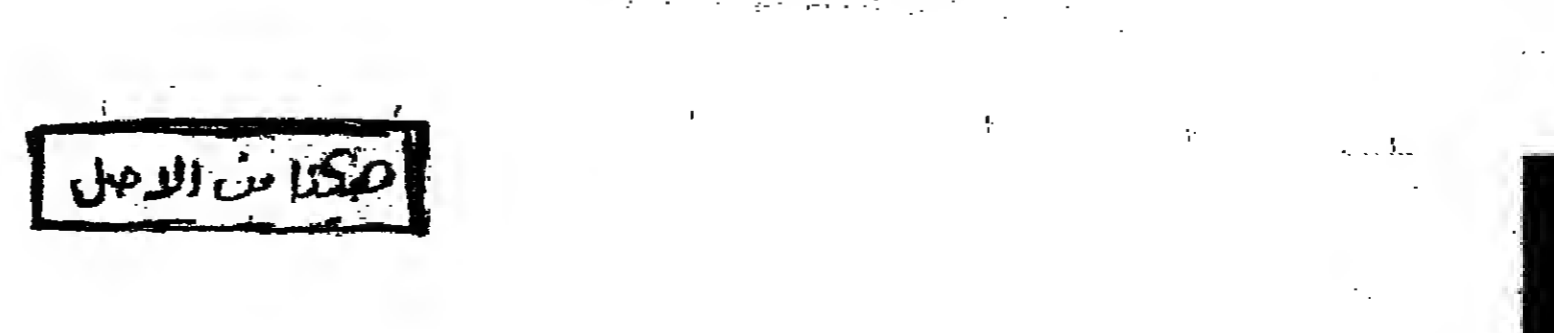
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FT-SE ACTUARIES INDICES
The FT-SE Actuaries Share Indices are calculated by FT-SE International Limited in conjunction with the Faculty of Actuaries and the Institute of Actuaries.



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There he is. Fourth row, second from the left. The one with the moustache. Obvious really.
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LONDON STOCK EXCHANGE

MARKET REPORT

New highs for Footsie as rally continues

By Philip Coggan, Markets Editor
A week of anticipation finally ended yesterday, as the FT-SE 100 index recorded both an all-time intra-day peak and a new closing high.

repaid £1.6bn in the month, against predictions that revenues and expenditure would balance. The news lifted gilts, which were also helped by a rally in German bonds as investors became increasingly confident that the Bundesbank would cut the repo rate next week.

points on the session. The market then lost ground quite rapidly and by mid-day, the index was only 15 points ahead. A decent start on Wall Street, where the Dow Jones Industrial Average rose around 20 points, was followed by the close of the London market, gave UK shares their second wind.

The gain on the day was 35.5 points, lifting Footsie to 3,872.8. The FT-SE Mid-250 index rose 10.4 to 4,866.4. Strong investor liquidity, following the start of the summer holidays, has been a major factor in the rally.

If Footsie falls to close 2 per cent above its previous high (equivalent to 3,843.2) and drops to more than 2 per cent below the old peak, the pattern will be confirmed. "Double tops are how UK bull markets usually end" says Mr Marber, who adds that other indicators, such as the advanced decline line and new highs and lows, are giving bearish signals.

TRADING VOLUME IN MAJOR STOCKS

Table with columns: Stock Name, Vol. (Shares), Closing Price, % Change, Vol. (Shares), Closing Price, % Change. Lists major stocks like Astra, BHP, British Airways, etc.

EQUITY FUTURES AND OPTIONS TRADING

Derivatives had a field day for a Friday in mid-August, with stock index futures punching up to new all-time peaks, and volume in the options pits running close to eight year turnover records, writes Jeffrey Brown.

Tables showing FT-SE 100 INDEX FUTURES (LFFES) and FT-SE 100 INDEX OPTIONS (LFFES) trading data.

FT-SE-A INDICES - LEADERS & LAGGARDS

Table showing percentage changes since December 29 1995 based on Friday August 16 1996 for various FT-SE-A indices.

Results hopes lift BskyB

By Joel Kibazo, Lisa Wood, Jeffrey Brown and John Daxini

Solid demand ahead of final figures on Tuesday helped boost satellite broadcaster BskyB. The shares jumped 15 to 533p, to make it one of the day's best performing stocks in the Footsie.

Analysts expect the group to report sharply increased full year figures and the range of profit forecasts is between £250m and £260m. However, not everyone views the group in such sparkling terms and Panmure Gordon is among those that believe the shares to have run too far ahead.

Results hopes lift BskyB

importantly, according to analysts, it could transform BAE's missile margins. According to Mr Zafar Khan at SGST, BAE barely broke even on missiles last year, whereas at Matra, operating margins are close to 10 per cent.

Up 15 at one stage, BAE closed 11 better at 946p. The move caused a general uptick across defence stocks with Vespene Thornycroft adding 5 to 785p. Rolls-Royce was odd man out in the sector, easing to 219 1/2p after 216 1/2p.

CHIEF PRICE CHANGES YESTERDAY

Table listing price changes for various stocks like Astra, BHP, British Airways, etc.

NEW 52 WEEK HIGHS AND LOWS

Table listing 52-week high and low prices for various stocks.

FT-SE ACTUARIAL ALL-SHARES

Table showing actuarial all-shares data for various companies.

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French link lifts BAE

British Aerospace, a dull market over the past couple of months, bounced strongly on confirmation that the group was to put its troubled missile unit together with the more successful operation run by Matra of France.

French link lifts BAE

Brokers warmed to the deal which propels BAE into the topflight of missile makers alongside sector giants like Raytheon and Hughes Corporation of the US. More

French link lifts BAE

John Lewis Partnership's stake in Allied Domecq's stake in Carlsberg-Tetley dominated talk in the drinks sector. Allied rose 6 to 45p, with Kleinwort Benson stri-

French link lifts BAE

king a positive note in suggesting that the deal would be beneficial to Allied Domecq's retail division because of new beer buying opportunities.

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INDONESIA WE PROTECT THE RAINFOREST WITH FISH

WWF project has been launched in the rain forest in Sumatra, Indonesia. The fish ponds being built are on the banks of rivers.

INDONESIA WE PROTECT THE RAINFOREST WITH FISH

The fish ponds provide a much needed, reliable source of income for the local community. They also produce an invaluable by-product: a reason for the villagers to take care of the local rain forest.

INDONESIA WE PROTECT THE RAINFOREST WITH FISH

The ponds require a supply of clean, fresh water. This is only available throughout the year if water-retaining rooms of the neighbouring trees are kept intact. Which gives WWF good reason to provide plants and concrete for the ponds, and fish to stock them with.

INDONESIA WE PROTECT THE RAINFOREST WITH FISH

And because we believe it is more important to increase by physical example than by just giving advice, WWF agricultural extension workers helped to construct concrete tanks and fish ponds. Now an active concrete tank and the main community runs the fish pond.

INDONESIA WE PROTECT THE RAINFOREST WITH FISH

WWF World Wide Fund For Nature. WWF is a registered charity in the UK and in many other countries. WWF is a member of the International Union for Conservation of Nature (IUCN).

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OPFEX is a trading facility for shares dealing in unquoted companies.

Table listing unquoted companies and their share prices on the OPFEX facility.

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صحننا من الاعمال

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for name, price, and other financial metrics.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for name, price, and other financial metrics.

INVESTMENT COMPANIES

Table listing investment companies with columns for name, price, and other financial metrics.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for name, price, and other financial metrics.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies (continued).

LIFE ASSURANCE

Table listing life assurance companies.

MEDIA

Table listing media companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

PROPERTY

Table listing property companies.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies.

OIL INTEGRATED

Table listing oil integrated companies.

OTHER FINANCIAL

Table listing other financial companies.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies.

PROPERTY - Cont.

Table listing property companies (continued).

PROPERTY

Table listing property companies.

PROPERTY - Cont.

Table listing property companies (continued).

PROPERTY - Cont.

Table listing property companies (continued).

PROPERTY - Cont.

Table listing property companies (continued).

RETAILERS, FOOD

Table listing food retailers.

RETAILERS, GENERAL

Table listing general retailers.

RETAILERS, GENERAL

Table listing general retailers (continued).

RETAILERS, GENERAL

Table listing general retailers (continued).

RETAILERS, GENERAL

Table listing general retailers (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies.

TEXTILES & APPAREL

Table listing textiles and apparel companies.

TEXTILES & APPAREL

Table listing textiles and apparel companies (continued).

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

WATER

Table listing water companies.

AM - Cont.

Table listing American companies.

AMERICANS

Table listing American companies (continued).

CANADIANS

Table listing Canadian companies.

SOUTH AFRICANS

Table listing South African companies.

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GUIDE TO LONDON SHARE SERVICE

Guide to London Share Service: Please refer to the London Share Service provided by FT Index, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE Actuaries Share Indices.

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LEGAL DEFINITIONS
 Close company is an organisation which lacks either a director or a controller or a company which for the purposes of corporation tax is considered to be under the control of five or fewer participants. See ROWE & MAW: 222p (ph 0171-248 4252)

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 LAWYERS FOR BUSINESS

FINANCIAL TIMES

Weekend August 17/August 18 1996

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Australian magnate faces jail again over purchase of Manet painting

Bond convicted of company fraud

By Nikki Tait in Sydney

Mr Alan Bond, the Australian magnate who built and lost an international brewing, media and property empire, was yesterday found guilty on four counts of company fraud linked to the purchase of "La Promenade", the French Impressionist painting by Eduard Manet.

The verdict is expected to be followed by another prison sentence on Monday for Mr Bond, 58, who had a brief stint in jail in 1992.

He faces a maximum sentence of five years' imprisonment and a \$320,000 (\$15,600) fine on each of two of the convictions and two years' imprisonment and a \$10,000 fine on each of the others.

The price of "La Promenade" was central to the prosecution arguments, which convinced a jury after two days of deliberation. It was argued that Mr Bond caused his main public company, Bond Corporation, to miss a prime opportunity to buy the painting at a generous discount to its market value in 1988.

Instead, the masterpiece, then being leased by Bond Corporation, was bought by Dalhold Investments, Mr Bond's private company, for \$2.46m. Dalhold sold it at auction in New York a year later for



La Promenade's price was central to the prosecution arguments

\$517m. Mr Bond maintained the deal was in line with a profit-sharing arrangement between the two companies. However, the prosecution said that this claim was a fabrication.

Yesterday's conviction marks the latest plunge in the remarkable roller-coaster

career of the English-born businessman, who began his rise from a one-man commercial painting company and crowned his success by lifting the America's Cup yacht trophy from the US in 1983.

By the late 1980s, Mr Bond had amassed a huge empire, stretching from his base in

Perth to Hong Kong, London and beyond. But his \$100m business crumbled after the stock market dive in 1987 and the collapse of the Rothwells investment bank in Western Australia, where he was an important customer.

In 1992, Bond was declared bankrupt and jailed over illegal dealings involving Rothwells. At a bankruptcy hearing in 1994, he sought to avoid giving evidence by insisting that illness, depression and brain damage had rendered him unfit to take the stand.

But Mr Bond made an amazing comeback last year, when he persuaded creditors to settle for a tiny fraction of the outstanding debt of more than \$600m, releasing him from bankruptcy.

He married for a second time, and has recently listed his occupation as a "business consultant" while living in an upmarket suburb of Perth.

The conviction will be a welcome break for the Australian authorities, who have been criticised for failing to secure 1990s high-flyers, many Perth-based, were brought to account for their excesses.

And it may not be the end of court appearances for Mr Bond, who faces further court proceedings next year over his part in an alleged \$10m fraud involving Bell Resources.

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Dole stakes out the moral high ground

By Patti Waldneir in San Diego

Mr Bob Dole took his campaign for the moral high ground of US politics to the country's heartland yesterday, after earning lukewarm praise for his speech accepting the Republican party's nomination for president.

At a send-off rally yesterday at San Diego's waterfront, Mr Dole again tried to portray his party as kinder and more inclusive, declaring that "there are no doors on the Republican party" except those through which he invited extremists to leave. He said he left the convention "full of excitement and enthusiasm" and intent on "completing the Reagan revolution".

As Mr Dole spoke, commen-

tators were dissecting his Thursday night acceptance speech, which focused on conservative values and sought to stress the candidate's moral supremacy over President Bill Clinton.

Most agreed he delivered the 57-minute address with dignity and conviction. But some said it was a speech of only intermittent eloquence, with brief passages of soaring rhetoric interspersed with long "laundry lists" of stock Republican policies.

Mr George Stephanopoulos, Mr Clinton's senior adviser, immediately condemned the address as "the most partisan, negative and divisive Republican speech since Barry Goldwater spoke in 1964".

Mr David Eichenbaum, Democratic party communications

director, echoed a criticism made widely by non-partisan commentators: "Bob Dole's speech said a lot more about his past than about America's future," he said.

He also criticised Mr Dole's promise to cut income taxes by 15 per cent while also balancing the federal budget, preserving Medicare (public health insurance for the elderly) and building a missile defence system. "Missing were any details of how we pay for a misguided economic plan that will balloon the deficit," he said.

Echoing the frequent Democratic refrain that the Republican party has been captured by extremists, Mr Stephanopoulos said ultra-conservatives were "the real victors" of the San Diego convention. "They controlled the platform, they

control Republican policy, no matter what you heard from the podium," he said.

But Mr Dole's speech included few concessions to hardline conservatives. In a gesture to the protectionist supporters of his former rival, Mr Pat Buchanan, he made a tough statement on trade, saying he would not "let our national sovereignty be infringed by the World Trade Organisation".

Moreover, he avoided all mention of the core conservative issue of abortion.

One opinion poll showed Mr Dole had received a boost from the convention event before he spoke. CNN/USA Today found that Mr Clinton's lead over Mr Dole has fallen to 11 per cent.

A new enthusiasm, Page 5

Cola war heats up at Venezuela plants

Continued from Page 1

serving a group of Latin American countries. In a flurry of deals over the past year, Coca-Cola has created several such bottlers outside the US with the financial and managerial resources to serve several countries.

Pepsi-Cola and PepsiCo, its parent, have been struggling in Latin America. BASSA, the heavily indebted Argentinian bottler 24 per cent owned by

Pepsi-Cola, recently reported a loss of \$250m because of severe trading problems in Brazil and Argentina.

Pepsi-Cola also recently lost its global chairman, Mr Chris Sinclair quit suddenly after just four months in the post. He was an architect of "Pepsi Blue", the \$500m global marketing and advertising blitz to switch Pepsi's logo and corporate colours to blue.

Coca-Cola has also been investing heavily - and at a

pace Pepsi cannot match given its smaller size. In eastern Europe, Coca-Cola invested \$1.5bn between 1990 and 1995. Pepsi mustered less than \$500m over the same period.

Cisneros has offered to continue to produce Pepsi for up to a month at 25 per cent of the previous output to give Pepsi a chance to sign up other bottlers. But Pepsi's options seem limited - Cisneros is a near monopoly supplier in Venezuela.

friend "traded a shirt worth thousands of pounds for a 1957 Elvis album, a Japanese 10-inch 'Love You' album he'd been after for years".

Graceland, yesterday observing the 19th anniversary of Presley's death, was unable to assess the significance of Mr Everet's collection. Nor was Sotheby's, the auction house, which last year sold Presley's bathrobe for \$4,140.

FT WEATHER GUIDE

Europe today
 Western parts of the British Isles will be cloudy with rain later. The south-east will be rather sunny. High pressure over the Low Countries will promote dry and rather sunny conditions over France. The Benelux will have bright spells in the afternoon. The northern Iberian peninsula will be unsettled with showers, especially in the north-west. Southern Italy, Greece and most of Turkey will be sunny. Cloud and thunder showers will prevail in eastern Europe, especially in Romania, Slovakia, Poland and the Baltic states.

Five-day forecast
 High pressure will give dry, rather sunny and warm conditions in France, southern England, the Benelux and Germany. The Balkans will continue to be unsettled with thunder showers. It will continue sunny and warm over the southern Iberian peninsula, most of Italy, Greece and Turkey.

TODAY'S TEMPERATURES

Moscow	sun 32	Caracas	sun 32	Faro	sun 27	Madrid	sun 31	Panama	showers 30
Abu Dhabi	sun 45	Belgrade	cloudy 21	Frankfurt	sun 23	Manila	sun 30	Reykjavik	sun 12
Acapulco	sun 32	Bombay	rain 21	Geneva	sun 25	Melbourne	sun 23	Rio	sun 23
Algiers	sun 30	Brussels	sun 25	Glasgow	sun 25	Miami	sun 28	Rome	sun 30
Amsterdam	sun 22	Cairo	sun 35	Hamburg	sun 25	Manila	sun 28	S. Francisco	sun 20
Athens	sun 32	Dallas	sun 31	Helsinki	sun 25	Mexico City	sun 26	Singapore	showers 32
Auckland	sun 32	Doha	sun 36	Hong Kong	cloudy 23	Stockholm	sun 22	Stockholm	sun 28
B. Aires	sun 20	Dubai	sun 42	Istanbul	sun 27	Taipei	sun 28	Taipei	sun 28
Bangkok	showers 34	Dublin	cloudy 20	Jakarta	sun 32	Tangier	sun 27	Tel Aviv	sun 33
Bombay	sun 34	Edinburgh	cloudy 21	Jersey	sun 24	Tel Aviv	sun 33	Tel Aviv	sun 33
Buenos Aires	sun 27	Geneva	sun 25	Karachi	sun 30	Tokyo	sun 28	Tokyo	sun 28
Calcutta	sun 32	Havana	sun 28	L. Angeles	sun 27	Lima	sun 25	Toronto	sun 25
Cape Town	sun 27	London	sun 24	L. Angeles	sun 27	Lima	sun 25	Vancouver	sun 21
		Luxembourg	sun 24	London	sun 24	Luxembourg	sun 24	Vancouver	sun 21
		Lyon	sun 27	London	sun 24	Lyon	sun 27	Vancouver	sun 21
		Madeira	sun 25	London	sun 24	Madeira	sun 25	Vancouver	sun 21
				London	sun 24	Moscow	sun 32	Vancouver	sun 21
				London	sun 24	Nairobi	sun 28	Vancouver	sun 21
				London	sun 24	Naples	sun 27	Vancouver	sun 21
				London	sun 24	Nassau	sun 27	Vancouver	sun 21
				London	sun 24	New York	sun 27	Vancouver	sun 21
				London	sun 24	Nice	sun 28	Vancouver	sun 21
				London	sun 24	Nicosia	sun 30	Vancouver	sun 21
				London	sun 24	Oslo	sun 27	Vancouver	sun 21
				London	sun 24	Paris	sun 27	Vancouver	sun 21
				London	sun 24	Perth	sun 15	Vancouver	sun 21
				London	sun 24	Prague	sun 21	Vancouver	sun 21
				London	sun 24			Vancouver	sun 21

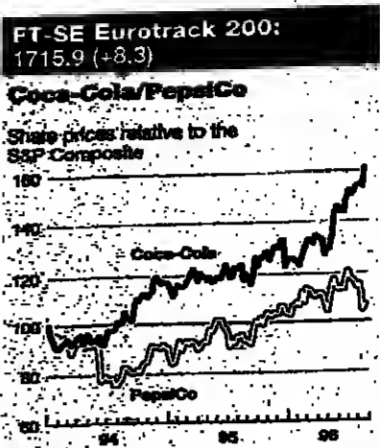
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THE LEX COLUMN

Pepsi sees red

PepsiCo must be feeling as blue as its new cola cans. Overnight it has lost its market leadership in Venezuela, one of the few countries where it was comprehensively out-selling Coca-Cola, after the local bottler switched over to its red arch-rival, Cisneros, a Venezuelan family business which has been bottling Pepsi for 50 years, has not switched allegiance lightly. But when it took its ambitious expansion plans to Pepsi the company turned them down. Coke, by contrast, offered a joint venture - \$500m of investment and the prospect of making Cisneros its "anchor" bottler for all of northern Latin America.



Coke's deeper pockets, sharper focus on soft drinks and willingness to turn its bottlers into strategic partners are helping it to pull away from Pepsi. While the two are still neck and neck in the mature US market, Coke now outsells Pepsi by nearly four-to-one internationally and more so in emerging markets, where the cola wars are bloodiest. In eastern Europe, traditionally a Pepsi stronghold, Coke has invested \$1.5bn since 1990 - three times as much as Pepsi - and now claims over half the Russian market.

Meanwhile, Pepsi's \$500m "Pepsi Blue" relaunch this spring has brought it few concrete gains and the group recently lost Mr Chris Sinclair, its highly respected global drinks chief. After many years when their share prices moved in tandem, Coke's international success has helped it handily outperform Pepsi since 1994. That trend looks set to continue.

speculation continues, new issues are slowing and valuations are not stretched. It may, however, be too early to reach for the champagne. Moves made during this summer markets are often ripe for an early reversal. And while the US Federal Reserve is not expected to tighten policy when it meets on Tuesday, the odds favour a move before the year-end. If the Dow cracks under the strain, the end of year consensus for the FT-SE of 3,700-3,800 may yet prove correct. Politics are also moving increasingly into the frame, on both sides of the Atlantic. Markets are unlikely to welcome the attendant uncertainties. New Labour is a decidedly less threatening prospect than its predecessors, but the shock of the new still has the power to scare.

Arguably, the real hidden value in the Thorn EMI combine was in the unglamorous rentals business. Profits growth at demerged Thorn is slowing, and earnings progression has been aided by utilisation of restructuring provisions and the sale of the loss-making Rumbelows shops. Nonetheless, Thorn has substantial operating cash flow, an excellent geographic spread, and is aimed at the growing, but poorly served, target market of cash-strapped consumers. New store concepts, such as Crazy George and new product lines, from computers to washing machines, will more than offset the steady decline of the core UK business of TV and video rentals.

True, Thorn will be the ugly duckling of the currently fashionable retail sector. The company has nothing in common with Marks and Spencer or Debenhams - it is more like a leasing business. Nonetheless, it is growing at a healthy rate. Fears of US litigation - over whether rent-to-own leases should have been treated as credit sales - are fading. And the company's predictable and resilient earnings profile provides a pleasant contrast with the cyclicality of its new sector.

Its shares should start trading at around 54, with many US investors making a rapid exit. But in the medium term, a valuation of closer to 44 looks reasonable. This represents a 15 per cent prospective price/earnings premium to the market, but it is justified by its growth prospects.

UK equities

The doomsayers have had their moment. A month ago the death rites were being read over the UK equity market. Since then the FT-SE 100 index has gained 7 per cent, closing yesterday at an all-time high. The rally has its roots in the US. Just as fears of higher US rates caused a sharp fall in global bond and equity prices last month, so markets have advanced as these concerns have eased. The 30-year Treasury bond yield has dropped to 6 1/2 per cent from 7 1/2 per cent.

On purely domestic grounds, the outlook for UK equities is healthy. Buoyant consumer spending and export growth should support company earnings, while higher interest rates still look some way off. Meanwhile, UK institutions are holding high levels of cash, bid

EMI

Thorn EMI has been a classic example of the inefficiencies of the stock market. As a conglomerate of music and rental earnings in early 1995, the shares were worth just over 510. But with the final split on Monday, EMI music shares should alone be worth over 514. The theory behind the rise is that investors want focused companies. The reality is that the rental business was a poison pill for potential bidders for EMI. With the formation of a pure music/music retail business, the greater likelihood of a bid gets priced into the shares.

However, even without any bid speculation, EMI's shares merit a value of over 513.50. This represents the same multiple of enterprise value (market capitalisation plus debt) to operating cash flow as its obvious valuation yardstick, Phil-

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...to spend aid

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